DOCUMENT RESUME

ED 167 764 CE 020 018

TITLE	Small Business Management. Getting a Small Business Management Education Program Started.
INSTITUTION	Minnesota Research Coordinating Unit for Vocational Education, Minneapolis.; Minnesota Univ., St. Paul. Dept. of Agricultural Education.
SPONS AGENCY	Bureau of Occupational and Adult Education (DHEW/OE), Washington, D.C.
BUREAU NO	498AH60199
PUB DATE	May 78
GRANT	G007605299
NOTE	432p.; Some parts of this document will not reproduce well due to light and broken print; For related documents see CE 020 015-020
EDRS PRICE	MF01/PC18 Plus Postage.
DESCRIPTORS	*Adult Vocational Education; *Business Education; Demonstration Projects; Educational Legislation; Information Dissemination; *Management Education; Needs Assessment; Postsecondary Education; Teacher Education; Teacher Qualifications; Workshops
IDENTIFIERS	*Minnesota; *Small Business Management

ABSTRACT

This set of materials was developed to assist with the dissemination of the Minnesota model for small business management education, five sections of information are presented. The first of five sections is on small business management needs assessment and describes a method of determining the number of small businesses that would constitute a population for an educational program. The second section presents two models for legislation: (1) a bill for an act (relating to adult vocational education and training, establishing education and training programs for small business and farm entrepreneurs, and appropriating money) and (2) an amendment to the Omnibus School Aids Bill (current block funding for adult small business and farm entrepreneurship management education). The third section provides a job description, qualifications, and suggested requirements for certification of small business management education instructors and coordinators. The fourth section describes a model conference for soliciting support for small business management education; included are conference objectives, agenda, and conference support material (why have a small business management program; a brief historical review of the development and growth of the management education program for farmers and ranchers; establishing minority small businesses [case studies]; and the development, design, and evaluation of the Minnesota model). The final section provides ten units of instruction to be used in a preservice workshop for small business management instructors. (JH)

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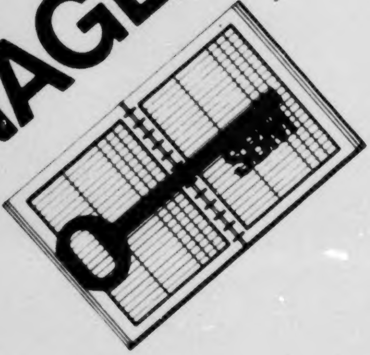
SMALL BUSINESS MANAGEMENT



GETTING A SMALL BUSINESS MANAGEMENT EDUCATION PROGRAM STARTED

Small Business Management Needs Assessment

Model Legislation

Job Description, Qualifications and Suggested Requirements for Certification of Small Business Management Education Instructors and Small Business Management Coordinators

Model Conference for Soliciting Support for Small Business Management Education

Curriculum: A Preservice Workshop for Small Business Management Education Instructors

AN ADULT EDUCATIONAL PROGRAM

CE 020 018

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
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GETTING A SMALL BUSINESS MANAGEMENT EDUCATION PROGRAM STARTED

Project No. 498AH60199
Grant No. G007605299

Project Directors: Edgar Persons, Ph.D.
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Division of Agricultural Education
University of Minnesota
St. Paul, Minnesota
May 1978

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Developed Pursuant to Grant No. G007605299
By the Division of Agricultural Education
In Cooperation with the Research Coordinating Unit,
Department of Vocational Education
University of Minnesota
St. Paul, MN 55108
Funded by the U.S. Office of Education under
Part C - Vocational Education Act of 1963 P.L. 88-210 as Amended
1977

Discrimination Prohibited -- Title VI of the Civil Rights Act of 1964 states: "No person in the United States, shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance." Therefore, the Vocational and Technical Education program, like all other programs or activities receiving financial assistance from the Department of Health, Education and Welfare, must be operated in compliance with this law.

INTRODUCTION

This set of materials has been developed to assist with the dissemination of the Minnesota Model for Small Business Management Education. Support materials include:

Small Business Management Need Assessment

The implementation of almost all vocational education programs is predicated on the demonstration of need. Vocational education at all levels, local, state and national, is responsive to the needs that have been identified and documented by some form of need assessment and analysis.

Model Legislation

Vocational education must share the responsibility of creating an acceptable climate for entrepreneurial education. Efforts in entrepreneurial education have been handicapped by the absence of legislation for entrepreneurial education. Writing model legislation for a program of adult vocational entrepreneurial education is a step to help vocational educators with the implementation of entrepreneurial education.

Job Description, Qualifications and Suggested Requirements for Certification of Small Business Management Education Instructors and Small Business Management Coordinators

To implement an effective small business management education program there are two necessary categories of professional staff. The first and most obvious category is the instructor, needed to deliver the program through the local education agency. The second is a small business management education area coordinator. The coordinator provides the liaison between small business management education programs, state departments of education and university development.

Model Conference for Soliciting Support for Small Business Management Education

State and local personnel, who would be responsible for planning and implementing a small business management education program, can be brought together and introduced to the philosophy and concepts of the Minnesota Small Business Management Education Model. This agenda also includes references necessary to successfully present the small business management education model.

Curriculum: Small Business Management Education

Preservice training for small business management education instructors is essential for program success. Preservice training will include developing and organizing a continuing program of management education activities for small business entrepreneurs, coordinating community resources, determining needs, deriving goals and individual plans and procedures for growth in small business entrepreneurship. Students will also be involved with teaching methods for adults.

SMALL BUSINESS MANAGEMENT
NEEDS ASSESSMENT

Entrepreneurship Education for Adults-Program Development and Implementation

Project No. 498AH60199
Grant No. G007605299

Project Directors: Edgar A. Persons, Ph.D.
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Utilizing

County Business Patterns 1974 - U.S. Department of Commerce
Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402

And

Standard Industrial Classification (SIC) Manual 1972
Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402

Division of Agricultural Education and the
Minnesota Research and Developmemt Center
University of Minnesota
St. Paul, Minnesota
September 1977

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NEEDS ASSESSMENT PROCEDURE FOR SMALL BUSINESS MANAGEMENT EDUCATION PROGRAM DEVELOPMENT

The implementation of almost all vocational education programs is predicated on the demonstration of need. Vocational education at all levels -- local, state and national -- is responsive to the needs that have been identified and documented by some form of needs assessment and analysis. Procedures to identify such needs, however, have been limited almost entirely to the supply-oriented employee sector. Few studies and, in fact, few strategies have been outlined for determining the needs of the self-employed, an orientation from the demand perspective.

Needs determination studies have relied heavily on microcosmic procedures such as task analysis (the study of the sub-elements of entry-level jobs) and microcosmic studies of the aggregate demand for labor (estimates of the supply and demand for labor). These procedures are costly, time consuming, retrospective, and frequently occupationally-specific. A needs assessment for entrepreneurship, a necessity for the basic decisions of program development, does not rely on the traditional approaches to the analysis of individual tasks in a job, but on the combination of interaction of these tasks.

The needs assessments for individuals have already been done and it forms the basis for the curricula that have already been developed in business management for adults. Needs of individuals, since entrepreneurial tasks are also occupationally specific, must be met by flexibility in program content and individualized instruction. Common individual needs can best be described by a list of general competencies which describe the entrepreneur's role. This needs list can be drawn from the literature. While such a list will describe a core of knowledge, skills and attitudes applicable to all entrepreneurs, it must recognize that each business is unique. To develop a list of competencies for a business person will require the personal attention only a management instructor-counselor can provide.

The needs assessment to be demonstrated in this publication, was developed to provide a method of determining the number of small businesses that would constitute the population available for small business management education. The sources of information needed to complete this needs assessment are readily available for all states and counties in the United States. County Business Patterns 1974, U.S. Department of Commerce, Bureau of the Census is the primary source of information. The Standard Industrial Classification Manual 1972 can be used as a supplemental interpretation document.

This procedure does not account for the sole proprietorship - small business which has no employees other than the owner. Estimates of this group of small businesses range from 10 to 30 percent of the total of all small businesses. Thus, all assessments arrived at using this procedure are conservative estimates.

DETERMINING THE NUMBER OF SMALL BUSINESSES IN A STATE

To determine the number of small businesses for your State you would use "County Business Patterns 1974" Table 1B for your State and Form A. Minnesota was selected to demonstrate how to determine small business numbers.

COUNTY BUSINESS PATTERNS - MINNESOTA

Table 1B. The State—Establishments, Employees, and Payroll by Industry by Employment-Size Class: 1974

(Excludes government employees, railroad employees, self-employed persons, etc.—see "General Explanation." Size class 1 to 4 includes establishments having payroll during 1st quarter but no employees during mid-March pay period. "D" denotes figures withheld to avoid disclosure of operations of individual establishments)

SIC code	① Industry, establishments, employees, and payroll	Employment-size class									
		Total	1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 249	250 to 499	500 to 999	1000 or more
	④ Total										
	Number of establishments	76 118	43 247	14 352	9 094	5 785	2 839	1 099	326	136	88
	Number of employees	1 179 231	80 557	100 970	128 222	180 903	142 823	166 605	113 990	98 783	174 406
	Payroll, first quarter ($1000)	2 453 205	131 810	164 225	227 812	347 222	273 287	349 831	281 691	212 [illegible]	496 241
	Payroll, annual ($1000)	10 686 692	813 727	718 660	995 886	1 498 409	1 180 003	1 492 813	1 639 051	[illegible]	[illegible]
②	Agricultural services,forestry,fisheries										
	Number of establishments	574	437	76	44	14	3	-	-	-	-
	Number of employees	2 403	689	509	595	400	210	-	-	-	-
	Payroll, first quarter ($1000)	3 630	806	803	898	662	461	-	-	-	-
	Payroll, annual ($1000)	19 527	7 270	3 663	4 017	2 717	1 860	-	-	-	-
07	Agricultural services										
	Number of establishments	544	418	69	40	14	3	-	-	-	-
	Number of employees	2 224	657	(D)	531	(D)	210	-	-	-	-
	Payroll, first quarter ($1000)	3 467	763	(D)	848	(D)	461	-	-	-	-
	Payroll, annual ($1000)	18 671	6 867	(D)	3 887	(D)	1 860	-	-	-	-
072	Crop services										
	Number of establishments	60	49	7	1	3	-	-	-	-	-
	Number of employees	217	73	(D)	(D)	87	-	-	-	-	-
	Payroll, first quarter ($1000)	310	111	(D)	(D)	129	-	-	-	-	-
	Payroll, annual ($1000)	1 458	697	(D)	(D)	449	-	-	-	-	-
074	Veterinary services										
	Number of establishments	120	73	28	17	2	-	-	-	-	-
	Number of employees	593	(D)	178	231	(D)	-	-	-	-	-
	Payroll, first quarter ($1000)	1 031	(D)	331	450	(D)	-	-	-	-	-
	Payroll, annual ($1000)	4 814	(D)	1 469	1 678	(D)	-	-	-	-	-
075	Animal services, except veterinary										
	Number of establishments	48	37	3	5	1	2	-	-	-	-
	Number of employees	336	67	20	(D)	(D)	(D)	-	-	-	-
	Payroll, first quarter ($1000)	598	55	48	(D)	(D)	(D)	-	-	-	-
	Payroll, annual ($1000)	2 568	286	172	(D)	(D)	(D)	-	-	-	-
078	Landscape and horticultural services										
	Number of establishments	179	150	13	9	6	1	-	-	-	-
	Number of employees	573	150	(D)	125	155	(D)	-	-	-	-
	Payroll, first quarter ($1000)	847	146	(D)	205	276	(D)	-	-	-	-
	Payroll, annual ($1000)	6 184	3 130	(D)	826	1 148	(D)	-	-	-	-
09	Fishing, hunting, and trapping										
	Number of establishments	15	8	4	3	-	-	-	-	-	-
	Number of employees	133	12	(D)	(D)	(D)	-	-	-	-	-
	Payroll, first quarter ($1000)	93	14	(D)	(D)	(D)	-	-	-	-	-
	Payroll, annual ($1000)	550	252	(D)	(D)	(D)	-	-	-	-	-
②	Mining										
	Number of establishments	176	80	23	26	24	6	7	4	2	4
	Number of employees	12 546	125	(D)	335	722	(D)	(D)	(D)	(D)	6 948
	Payroll, first quarter ($1000)	39 506	453	(D)	763	2 382	(D)	(D)	(D)	(D)	23 032
	Payroll, annual ($1000)	185 619	4 044	(D)	5 715	13 244	(D)	(D)	(D)	(D)	98 226

NEEDS ASSESSMENT PROCEDURE
SMALL BUSINESS MANAGEMENT

SAMPLE

State
Minnesota

From: "County Business Patterns 1974," Table 1B. The State - Employees & Payroll by Industry by Employment - Size Class: 1974

SIC Code	① Industry	Tot/Reporting Unt/All Business	Employment-Size Class					
			1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	Tot/Bus Under 100 ③
. . . . ②	Agricultural Services, Forestry, Fisheries	574	437	76	44	14	3	574
. . . .	Mining	176	80	23	26	24	6	159
. . . .	Contract Construction	7,346	5,027	1,125	641	368	117	7,278
. . . .	Manufacturing	5,644	1,710	965	918	911	496	5,000
. . . .	Transportation and Other Public Utilities	3,426	1,834	616	428	326	105	3,309
. . . .	Wholesale Trade	8,457	4,207	1,893	1,333	725	189	8,347
. . . .	Retail Trade	21,867	11,232	5,034	3,068	1,783	530	21,647
. . . .	Finance, Insurance and Real Estate	6,429	4,155	1,027	634	404	120	6,340
. . . .	Services	19,210	11,927	3,380	1,823	1,153	463	18,806
. . . .	Non-classifiable Establishments	2,989	2,638	213	79	47	10	2,987
	④ TOTALS	76,118 ⑥	43,247	14,352	3,054	5,755	2,039	74,487 ⑤

STEPS:

1. On both "County Business Patterns 1974" and Form A you will find an Industry column. Form A has all the major Industry listings as found in "County Business Patterns 1974."
2. Now proceed to fill in the major Industry columns on Form A. The portion of Table 1B that you will be using has been underlined. For this exercise only 2 major Industry headings are shown from Table 1B. The remainder are filled in as they appear in Table 1B.
3. After you have completed Step 2 you can determine the number of businesses for each major Industry heading. This is done by adding the "Establishment-Size Class" columns for each Industry heading.
4. Total all columns. You can check your figure by referring to the totals line from Table 1B.
5. The total number of small businesses for the State will be the number you determine when you add the "Total Businesses under 100" column. This figure can be checked by adding the totals for the "Number of Establishments, by Employment Class" columns. These two figures should be the same.
6. You can compare the total number of businesses with the total number of small businesses.

DETERMINING THE NUMBER OF SMALL BUSINESSES FOR A SPECIFIC COUNTY

To determine the number of small businesses for a specific county you would use "County Business Patterns 1974" Table 2 for your State and Form B. Aitkin County Minnesota was selected to demonstrate how to determine small business numbers.

STEPS:

1. On both "County Business Patterns 1974" and Form B you will find an Industry column. Form B has all the major Industry listings as found in "County Business Patterns 1974."

2. You would now proceed to fill in the major Industry columns on Form B. The portion of Table 2 that you will be using has been underlined.

COUNTY BUSINESS PATTERNS - MINNESOTA

Table 2. Counties—Employees, Payroll, and Establishments, by Industry: 1974

(Excludes government employees, railroad employees, self-employed persons, etc.—see "General Explanation." Size class 1 to 4 includes establishments having payroll during 1st quarter but no employees during mid-March pay period. "D" denotes figures withheld to avoid disclosure of operations of individual establishments)

SIC code	① Industry	Number of employees for week including March 12	Payroll ($1000)		Number of establishments, by employment-size class									
			First quarter	Annual	Total	1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 249	250 to 499	500 to 999	1000 or more
	AITKIN													
	④ Total	1 641	2 043	9 536	238	156	49	18	16	1	2	-	-	-
② ...	Agricultural services, forestry, fisheries	(A)	(D)	(D)	1	1	-	-	-	-	-	-	-	-
...	Mining	(A)	(D)	(D)	2	2	-	-	-	-	-	-	-	-
...	Contract construction	89	143	910	34	20	2	1	1	-	-	-	-	-
17	Special trade contractors	60	118	665	21	18	2	-	1	-	-	-	-	-
...	Manufacturing	506	571	2 842	24	7	6	5	4	-	2	-	-	-
20	Food and kindred products	205	69	791	7	2	2	1	1	-	1	-	-	-
201	Meat products	(C)	(D)	(D)	2	-	-	-	1	-	1	-	-	-
2016	Poultry dressing plants	(C)	(D)	(D)	2	-	-	-	1	-	1	-	-	-
24	Lumber and wood products	178	258	1 178	9	3	2	2	1	-	1	-	-	-
242	Sawmills and planing mills	(C)	(D)	(D)	4	1	1	-	1	-	1	-	-	-
2421	Sawmills and planing mills, general	(C)	(D)	(D)	4	1	1	-	1	-	1	-	-	-
--	Administrative and auxiliary	29	79	301	1	-	-	-	1	-	-	-	-	-
...	Transportation and other public utilities	71	136	822	9	5	2	1	1	-	-	-	-	-
...	Wholesale trade	85	166	627	14	6	5	1	-	-	-	-	-	-
...	Retail trade	460	466	2 113	85	53	21	9	2	-	-	-	-	-
54	Food stores	72	73	358	13	7	4	2	-	-	-	-	-	-
541	Grocery stores	63	63	310	11	6	3	2	-	-	-	-	-	-
55	Automotive dealers & service stations	97	132	546	18	10	5	3	-	-	-	-	-	-
551	New and used car dealers	55	86	357	5	-	2	3	-	-	-	-	-	-
58	Eating and drinking places	148	86	456	20	12	4	3	1	-	-	-	-	-
5812	Eating places	101	58	310	12	7	2	2	1	-	-	-	-	-
...	Finance, insurance, and real estate	109	173	770	15	9	3	1	2	-	-	-	-	-
65	Real estate	51	61	274	7	4	2	-	1	-	-	-	-	-
...	Services	326	354	1 486	43	33	8	-	-	1	1	-	-	-
70	Hotels and other lodging places	84	85	335	7	5	1	-	-	1	-	-	-	-
701	Hotels, motels, and tourist courts	(B)	(D)	(D)	5	3	1	-	-	1	-	-	-	-
80	Health services	(C)	(D)	(D)	7	4	2	-	-	-	1	-	-	-
806	Hospitals	(C)	(D)	(D)	1	-	-	-	-	-	1	-	-	-
...	Nonclassifiable establishments	11	9	129	11	10	1	-	-	-	-	-	-	-

NEEDS ASSESSMENT PROCEDURE
SMALL BUSINESS MANAGEMENT

County/State
Aitkin County, MN

From: "County Business Patterns 1974," Table 1B (State), or Table 2 (County)

SIC Code	Industry	Tot/Reporting Unt/All Business	Number of Establishments, by Employment-Size Class					
			1 to 3	4 to 7	8 to 19	20 to 49	50 to 99	Tot/Bus Under 100
. . .	① Manufacturing							
② 20	Food + Kindred Products	③ 7	2	2	1	1	-	6
② 24	Lumber + Wood Prod.	9	3	2	2	1	-	8
. . .	Administrative + Auxil	1	-	-	-	1	-	1
	④ Total	17	5	4	3	3	-	15

STEPS:

1. On Form C, write the Industry heading that will be analyzed.
2. Write in the SIC Code and Industry listing for the SIC Code. Note: SIC Codes are expanded to include listings for more specific businesses. All listings with the same first two numbers come under the same SIC classification. Example: 24 lumber and wood products & 242 sawmills and planning mills. All industries with the prefix 24 would be counted under the general SIC Code 24.
3. Now fill in the number of businesses for each employment size class. The portion of Table 2 to be used is underlined.
4. Total all columns.

*DATA WITHHELD FROM PUBLICATION:

In accordance with Federal law, data that may disclose the operations of an individual employer are not published. However, the number of establishments in a kind of business and their distribution by employment size class are not considered a disclosure, and these items may appear in instances where other items of information, such as employment and payrolls, are withheld.

Data is not shown separately for any industry that does not have at least 50 employees in the area-county, state or United States, covered by the tabulation. However, data for an unpublished industry are included in the total shown for the broader industry group of which it is a part. Also, data for some establishments that could not be classified by detailed kinds of businesses are included in the tabulations in a broader kind-of-business group. For the reasons stated above, the details shown in this report may differ from the sum of the published components. County Business Patterns 1974, P.P. VII.

APPENDIX

NEEDS ASSESSMENT FORMS

Form A

NEEDS ASSESSMENT PROCEDURE

SMALL BUSINESS MANAGEMENT

State

____

From: "County Business Patterns 1974," Table 1B. The State - Employees & Payroll by Industry by Employment - Size Class: 1974

SIC Code	Industry	Tot/Reporting Unt/All Business	Employment-Size Class					
			1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	Tot/Bus Under 100
. . . .	Agricultural Services, Forestry, Fisheries							
. . . .	Mining							
. . . .	Contract Construction							
. . . .	Manufacturing							
. . . .	Transportation and Other Public Utilities							
. . . .	Wholesale Trade							
. . . .	Retail Trade							
. . . .	Finance, Insurance and Real Estate							
. . . .	Services							
. . . .	Non-classifiable Establishments							
	TOTALS							

Form B

NEEDS ASSESSMENT PROCEDURE
SMALL BUSINESS MANAGEMENT

County ______________________

From: "County Business Patterns 1974," Table 2. Counties - Employees, Payroll & Establishments by Industry: 1974

SIC Code	Industry	Tot/Reporting Unt/All Business	Number of Establishments, by Employment Size Class					
			1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	Tot/Bus Under 100
. . . .	Agricultural Services, Forestry, Fisheries							
. . . .	Mining							
. . . .	Contract Construction							
. . . .	Manufacturing							
. . . .	Transportation and Other Public Utilities							
. . . .	Wholesale Trade							
. . . .	Retail Trade							
. . . .	Finance, Insurance and Real Estate							
. . . .	Services							
. . . .	Non-classifiable Establishments							
	TOTALS							

Form C

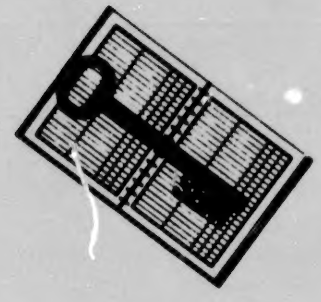
NEEDS ASSESSMENT PROCEDURE
SMALL BUSINESS MANAGEMENT

County/State

____

From: "County Business Patterns 1974," Table 1B (State), or Table 2 (County)

SIC Code	Industry	Tot/Reporting Unt/All Business	Number of Establishments, by Employment-Size Class					
			1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	Tot/Bus Under 100



MODEL LEGISLATION

SMALL BUSINESS MANAGEMENT EDUCATION PROJECT

UNIVERSITY OF MINNESOTA

May, 1977

A bill for an act

"relating to Adult Vocational Education and Training; establishing education and training programs for small business and farm entrepreneurs; appropriating money."

To Amend Omnibus School Aids Bill

"Current block funding for Adult Small Business & Farm Entrepreneurship Management Education."

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University of Minnesota
St. Paul, MN 55108
Funded by the U.S. Office of Education under
Part C - Vocational Education Act of 1963 P.L. 88-210 as Amended
1977

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MODEL LEGISLATION
SMALL BUSINESS MANAGEMENT EDUCATION PROJECT
UNIVERSITY OF MINNESOTA
1977

Project No: 498AH60199
Grant No: G007605299

Project Directors: Edgar A. Persons, Ph.D.
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Consultant: Ralph Whiting

A bill for an act

"relating to Adult Vocational Education and Training; establishing education and training programs for small business and farm entrepreneurs; appropriating money."

To Amend Omnibus School Aids Bill

"Current block funding for Adult Small Business & Farm Entrepreneurship Management Education."

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Introduction

The policy orientation of vocational education is determined almost entirely by Federal Vocational Legislation. While State legislatures have been generous in providing funds for vocational education, they have also been lax in establishing any guidelines for the use of appropriated funds. Accordingly, Federal legislation has established the policy orientation for the State's role by outlining requirements of an annual State Plan. After approval by the State Board of Education, the State Plan acquires the force of State law to relate expenditure of State appropriated funds. Such funds usually exceed federally allocated funds by five to seven multiples. The policy orientation is provided, therefore, by Federal legislation, not by State legislation.

This excursion into the policy determinants of vocational education is given only to further describe the weakness of the policy orientation toward adult vocational education. From the original Federal Vocational Legislation (the Smith-Hughes Law) to the Vocational Amendments of 1968, there were no specific legislative provisions for adult vocational education at the federal level. Little if any State legislation was enacted to respond to the deficit. In program terms there were instances of special legislation for adult training (the Servicemen's Readjustment Act, the National Defense Training Act, etc), but the main trend of vocational education legislation offered meager encouragement for adult education and no sanctions for totally ignoring it.

It is true that there have been significant enrollments in adult vocational education and a rising trend in such enrollments. The term "enrollment," however, is a term which is both vague and opaque. Enrollment is only a measure of intention, not a measure of the amount of instruction. The continued use of this term in comparing secondary, post-secondary and adult programs in vocational education is only effective in obscuring the inattention that has been given to the adult level of vocational education.

More recently legislation, i.e., the Vocational Amendments of 1968, attempted more attention to adult vocational education with the specification that 15 percent of the federal allocation be set aside for post-secondary _and_ adult vocational education. The result was that most of this _set aside_ has been expended for post-secondary education; a level of education which has expanded rapidly to become a part of _de facto_ compulsory education and with operational definitions limited largely to the 13th and 14th grades.

A most transparent piece of evidence indicative of the weakness of a policy orientation toward adult vocational education is the fact that the research priorities of vocational legislation for 1976 are the first in 12 years which have reflected any deliberate policy priority directed toward adult vocational education. Since a policy orientation is reflected in legislation, program emphasis, and research emphasis, it is clear that its current status is weak and generally untended.

Vocational education in few if any of the states is supported by special legislation except that which provides appropriation for compliance with the fiscal responsibilities for vocational education imposed by education legislation.

To prepare model legislation that can illustrate how states can operationalize (act on) their commitment to vocational education programs for entrepreneurship may provide the incentives for states to attack the problems of supporting high priority education programs that may not be specifically categorized in federal mandates.

Vocational education must share the responsibility of creating an acceptable climate for entrepreneurial training. Efforts in entrepreneurial training have been handicapped by the absence of legislation for entrepreneurial training. By almost any standard, entrepreneurial training is a disadvantaged field. It has a fragile context in which to operate. Writing model legislation for program of adult vocational entrepreneurial training is a step to help vocational educators with the implementation of entrepreneurial training. In short, model legislation can be instrumental in creating the conditions for many more efforts to mount a type of training that is new and pioneering for vocational educators.

Educational legislation is generally in the form of a specific bill dealing with a specific educational area or as an amendment to the Omnibus School Aid Bill. Models of both approaches have been included, thus, anyone using this model legislation would choose the most appropriate alternative for his/her state.

When selecting a legislator to introduce this model legislation, the vocational educator should first determine legislators who are sympathetic to vocational education and more specifically entrepreneural education. Second, a legislator who is respected by his piers is essential. Third, provide the selected legislator with adequate information to defend the intent of the legislation.

Supporting Statements:
Entrepreneural Education and Training Act

Sec. 1 Findings

Some research must be done in your state, in order to support the statements relating to the problems addressed by the program. Such information is readily available in most states, through chamber of commerce groups, departments of employment, departments of economic development, U.S. Department of Labor, Small Business Administration, U.S. Department of Commerce, etc.

Sec. 2 Definitions

(2) "State Board of Vocational Education." In some states other terminology may be used to describe the agency for Vocational Education Action.

(3) "Local Education Agencies." This could include high schools, secondary vocational schools or centers, post secondary vocational technical schools, community colleges or other public institutions with authority and responsibility to provide educational services to adult within specific communities or combinations of communities.

(4) "Needs Assessment." See the needs assessment section of this report.

Sec. 3 Declaration of Policy

(1) Policy to encourage and strengthen,
(2) Recognition of the value of continuing education,
(3) Policy to fund and implement education aid.

Sec. 4 Establishment and Implementation

Subd. 2 Utilize and coordinate existing Educational Structures, governed by the agency responsible for vocational technical education.

1 - 6 Include all actions to implement and maintain the programs with responsibility defined.

Two advisory committees are necessary, since they must be representative of client interest.

Those interests - at the operational level - are competitive and different in many significant ways.

Sec. 5 Appropriation

Cost of programs will vary from state to state costs are referred to in another section. Total cost will be about $23,000.00 per program, per year.

Sec. 6 Effective Date

The effective date should be established to allow as much lead and preparation time as possible.

A bill for an act

"relating to Adult Vocational Education and Training; establishing education and training programs for small business and farm entrepreneurs; appropriating money."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ______________

That this Act maybe cited as the "Entrepreneural Education and Training Act.

Findings

Section 1. The Legislature finds that -

(1) Small businesses and family farm entrepreneurships are the stronghold of the free enterprise system.

(2) The State has __________ small business and __________ farm entrepreneurs which employ a total of ______________ people.

(3) ___________ new small business ventures are started each year.

(4) Approximately 10% of all small businesses fail each year.

(5) The major reason for small business failures has been identified as "lack of entrepreneurial skills" on the part of the owner/operator.

(6) The complexities of the farm and business management have increased greatly, in proportion to the size of the business.

(7) Despite the importance of small businesses and farming to the stability of the labor force and the economy of the State, very little business management technique assistance is offered.

(8) Management education for entrepreneurs has been found to provide substantial aid in the support and development of a strong entrepreneural operating system, as a major factor in the maintenance of this countries free enterprise system.

Definitions

Section 2. As used in this Act -

(1) The term "Entrepreneur" means one who organizes, operates, and assumes the risk for a small business or farming enterprise.

(2) "State Board for Vocational Education" - That unit within the state having the governance responsibilities for Vocational Education in tax supported, public educational institutions.

(3) "Local Education Agencies" - Those educational entities that are subsidiary institutions to the State Board for Vocational Education, providing education to citizens, including adults.

(4) "Needs Assessment," program need evaluation to determine quantity and level of program need at the local level.

Section 3. - (Declaration of Policy)

(1) It is hereby declared, by the Legislature, that it is the policy of this State to encourage and strengthen the development and sound growth of entrepreneural activities in small business and farming enterprises.

(2) Small business and farm owners and operators benefit significantly from a program of continuing education in business operations and management techniques.

(3) The policy of the State shall be to implement through existing educational institutions extended to the local level, and to provide funding for an entrepreneurship educational program for farm and small business owners and operators, with fundamental emphasis on management techniques.

Section 4. - (Establishment and Implementation of Entrepreneurship Education Programs for Adults)

Subd. 1. In order to accomplish the purposes of this Act, it is the will of the Legislature, that existing structures. responsible for education in the State, be utilized in carrying out their appropriate roles in achieving the policy herein above stated. The State Board for Vocational Education is hereby designated as the governing board.

Subd. 2. The State Board for Vocational Education is hereby instructed to foster, plan, implement, and support continuing Adult entrepreneurship education and training programs, for owners and operators of small businesses and farms in cooperation with local education agencies, the University of __________, and other appropriate educational agencies. Such efforts of the State Board for Vocational Education to include, but not be limited to -

(1) The conducting of annual program needs assessment throughout the State. Analyze such reported needs for program implementation priorities.

(2) The cooperative effort with the University of __________, implement adult entrepreneur management curriculums, provide continuous curricula updating and maintenance, and business analysis records supervision.

(3) Cooperative efforts with the University of _________, in the establishment and operation of teacher training programs, to include pre-service and inservice teacher training and education.

(4) The establishment of a small business Management Advisory Committee; its membership to include, but not be limited to - (a) small business owners - operators; (b) Adult small business program instructors; (c) representatives of agencies with a major responsibility for the development of business and industry.

(5) The establishment of a farm management advisory committee; its membership to include, but not be limited to - (a) farm owners-operators; (b) adult farm management instructors; (c) persons representing agencies with a major concern and responsibility for the continued development of farm business.

(6) The promulgation of rules and regulations establishing procedures for program approval and statewide guidelines for program operation and funding.

Section 5. (APPROPRIATION OF FUNDS)

There is appropriated to the State Board for Vocational Education from the general fund of the State Treasury the sum of $___________ for the purpose of this act.

Section 6. - This act shall be effective the day following final enactment.

Supporting Statements:
School Aids Bill

This unit is designed to outline methods of appropriating money for entrepreneurship programs. How and under what circumstances the money will be paid to the implementating educational institution.

Sec. 1 Forward payment from general funds is the form most often used for distribution of monies.

Subd. 1 All delivery system units are included to provide broad coverage opportunity.

85 percent salaries - refers to the revenue system where state aids provide the majority of revenue. The percent of state commitment would be reduced in those states where local levies are the major source of revenue.

Essential and certified, this section refers to teachers, coordinators, administrative, secretarial, etc., for instructional services.

50 percent travel expense - refers to the same revenue system as the salary unit above. The amount paid refers only to necessary teachers and/or program coordinators.

Essential, Certified are the key words.

Subd. 2 Federal funds used shall only serve to reduce state aid and will not affect local dollar inputs.

Subd. 4 Local decision on tuition payments is allowed.

Subd. 6 Describes one method of making payments to the school delivering the programs. Other schemes are used, but tend to become complex.

To Amend Omnibus School Aids Bill

Section 1. Current block funding for Adult Small Business and Farm Entrepreneurship Management Education.

Subd. 1. In the school year, and thereafter, the State shall pay to any school district or other public school, such as, Vocational Center, Vocational Technical Institute, Community College, etc., 85 percent of the salaries paid to essential and certified personnel in that school year for services rendered in that district's or institutions entrepreneurship management educational program. In addition, the State shall pay 50 percent of the costs of necessary travel between instructional sites by essential, certified personnel.

Subd. 2. The aid paid by the State for salaries and travel, pursuant to subdivision 1 shall be reduced by any authorized federal vocational aid funds paid by the Board to that district or educational institution for such programs.

Subd. 3. This aid shall be paid only for services rendered or for travel costs incurred in adult entrepreneurial management programs approved by the State Board for Vocational Education and operated in accordance with rules promulgated by the State Board. These rules shall provide minimum student - staff ratios required for a program to qualify for this aid.

Subd. 4. Boards may charge tuition for participants in adult small business and farm management programs.

Subd. 5. Each district providing adult entrepreneurial management education shall establish and maintain separate accounts for the receipt and disbursement of all funds related to these programs. All adult entrepreneurial management education aid received by the district from any source shall be utilized solely for the purpose.

Subd. 6. The State shall pay to each school district 30 percent of its estimated adult entrepreneurial management education program aid on or before the following dates: August 31, December 30 and March 31. The final aid distribution to the district shall be made not later than October 31 of the following year.

JOB DESCRIPTION, QUALIFICATIONS AND SUGGESTED REQUIREMENTS FOR CERTIFICATION OF

SMALL BUSINESS MANAGEMENT EDUCATION INSTRUCTORS AND SMALL BUSINESS MANAGEMENT COORDINATORS

Project No. 498AH60199
Grant No. G007605299

Project Directors:	Edgar A. Persons, Ph.D. Gordon I. Swanson, Ph.D.
Project Manager:	Rodger E. Palmer, Ph.D.
Project Staff:	Dwight Hyle Patti Hollern

Division of Agricultural Education, Vocational
Technical Education Department
University of Minnesota
St. Paul, Minnesota
September 1977

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PERSONNEL NEEDED TO OPERATE AN ENTREPRENEURIAL PROGRAM

The need for strong entrepreneurial training programs is readily evident by conducting a quick survey of the present small business situation. The number of educational opportunities for entrepreneurs already engaged in business are few or non existent. The large number of small businesses that exist and the number which fail each year give added emphasis to the need for small business management education programs.

To implement an effective small business management education program there are two necessary categories of professional staff. The first and most obvious category is the instructor needed to deliver the program through the local educational agency. The second is a small business management education area coordinator. The coordinator provides the liaison between small business management education programs, state departments of education and university development. The small business management coordinator is the only member of the support staff in a position to provide immediate, direct assistance to the instructor.

The material which follows is designed to serve two purposes; the first is to provide a complete description of the positions of small business management education program instructor and small business management education program coordinator; the second is to provide suggested criteria for vocational certification for persons in these two positions.

Enterpreneurship in small business is certainly not an emerging occupation. However, the positions of teachers of small business management and coordinator of such an educational program are. The purpose of this report is to assist states in formulating criteria for the employment of persons in these emerging occupations, including their certification as vocational educators.

JOB DESCRIPTION

Title:

Small Business Management Instructor

Occupational Summary:

This position requires instruction in all managerial and operational phases of small business with emphasis on decision making, entrepreneurship, ethics, technology, economic principles, psychological factors, recordkeeping systems and business analysis interpretations dealing with the general and specific procedures of maintaining a business establishment.

Duties:

Perform the following functions under indirect supervision:

1. Set up and instruct a complete program of training based upon curriculum objectives as outlined in the detailed course of study for Small Business Management Education for adults.
2. Provide individualized instruction in matters requiring additional assistance to the student.
3. Be available for consultation to students when necessary.
4. Make routine follow-up study of students progress with on-the-job observation of performance.
5. Offer suggestions and critiques on performance in order to establish a healthy attitude toward improvement.
6. Provide technical assistance in interpretation of a comprehensive economic analysis of the business.
7. Assist students in setting goals (short, intermediate, and long-term) for the business and the participating family.
8. Maintain a line of communication with prospective students in the community, involving a familiarity with civic organizations and affairs.

Qualifications:

Must possess a working knowledge of general business practices and procedures including the establishment and maintenance of a comprehensive recordkeeping system; display an ability to handle a classroom situation and provide suitable follow-up instruction in the student's place of business; establish rapport easily, thus insuring a level of confidence with students; display an attitude of professionalism.

Should have had satisfactory business experience in a top level management position either as an owner-operator or manager. Experience should have provided opportunities to have managed all phases of the business including, but not limited to, the keeping or supervision of the records of the business.

TERM OF EMPLOYMENT:

48 weeks, continuing.

JOB DESCRIPTION

Title:

State or Area Program Coordinator of Small Business Management Education

Duties:

Shall work in an assigned geographic area and be responsible to the vocational director (area vocational-technical institute/community college) in the district in which employed with coordination from the state supervisory staff of vocational business education.

Shall be responsible for coordinating adult activities with emphasis on the adult small business management education program; its maintenance and development, including management of the in-service education program for small business management instructors.

Shall be responsible for coordinating curriculum development activities, curriculum methodology, and the development and dissemination of small business management education teaching aids, with special emphasis on utilization of the business analysis data base.

Shall be responsible for coordinating secondary and post-secondary activities with emphasis on articulating secondary/post-secondary offerings in small business management education.

Shall be responsbile for coordinating the system used for the analysis of small business records and accounts.

Shall make such reports as are required by the district vocational director (area vocational-technical institute/community college) and state supervisory staff of vocational business education.

Qualifications:

Shall meet the requirements of an adult teacher of small business management education. Shall have a minimum of one year teaching experience as an adult teacher of small business management education.

Term of Employment:

48 weeks, continuing

SUGGESTED REQUIREMENTS FOR INITIAL CERTIFICATION
SMALL BUSINESS MANAGEMENT EDUCATION INSTRUCTOR

A) 1. Business related baccalaureate degree.

2. 6,000 hrs. of recent, relevant occupational experience as an owner-manager or manager of a small business including 2,000 hrs. within the prior 5 years.

3. A small business management education curriculum workshop within the first year of teaching, where the emphasis is on the small business management program for adults.

4. Appropriate vocational teacher education sequence.

B) 1. 2 year related post-secondary technical education.

2. 6,000 hrs. of recent, relevant occupational experience as an owner-manager or manager of a small business including 2,000 hrs. within the prior 5 years.

3. A small business management education curriculum workshop within the first year of teaching, where the emphasis is on the small business management program for adults.

4. Appropriate vocational teacher education sequence.

The suggested vocational teacher education sequence would include a selection of courses with the general topical headings listed below, as prescribed by the state certification requirements.

1. History and Philosophy of Vocational Education
2. Preservice Teacher Education Workshop
3. Supervised Vocational Teaching Internship
4. Methods of Instruction in Vocational Education
5. Task Analysis and Course Construction in Vocational Education
6. Coordination and Supervision Techniques in Vocational Education Programs
7. Organization and Administration of Vocational Education
8. Organization and Administration of Cooperative Vocational Education Programs

9. Materials and Methods of Cooperative Vocational Education Program
10. Evaluation of Student Performance in Vocational Education
11. Selection, Utilization, and Development of Instructional Media Vocational Guidance.
12. Individualizing Instruction in Vocational Education
13. Conference Leadership Training
14. Research or Current Problems in Vocational Education
15. Adult Vocational Education
16. Career Education
17. Vocational Education for the Handicapped/Disadvantaged
18. Human Relations

SUGGESTED REQUIREMENTS FOR INITIAL CERTIFICATION SMALL BUSINESS MANAGEMENT EDUCATION COORDINATOR

A) Meet the requirements for initial certification as a small business management education instructor.

B) One year of successful teaching as an adult teacher of small business management education.

C) Successfully complete the following vocational teacher education courses as prescribed by the state certification requirements, or have satisfactory plans to complete the following courses within one year of initial coordinator certification:

1. History and Philosophy of Vocational Education

2. Coordination and Supervision Techniques in Vocational Education Programs

3. Organization and Administration of Cooperative Vocational Education Programs

4. Individualizing Instruction in Vocational Education

5. Adult Vocational Education

MODEL CONFERENCE FOR SOLICITING SUPPORT FOR SMALL BUSINESS MANAGEMENT PROGRAMS

Entrepreneurship Education for Adult Program Development and Dissemination

Project No. 498AH60199
Grant No. G007605299

Project Directors: Edgar A. Persons, Ph.D.
Gordon I. Swanson, Ph.D.

Project Manager: Rodger E. Palmer, Ph.D.

Proejct Staff: Dwight E. Hyle
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Division of Agricultural Education
Vocational & Technical Education Department
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INTRODUCTION

To develop a Small Business Management Education Program in a state or community requires the support of many individuals, agencies and organizations. In order for persons to lend support, they must first be informed. The model conference shown in this document is for the purpose of informing those persons who may be influencial in assisting in the establishment of a Small Business Management Education Program.

The model conference is based on the assumption that the conference organizer is familiar with the materials produced in the Minnesota Model for Small Business Management Education. There are four volumes that should be studied:

Volume I - Instructors Manual
Volume II - Business Analysis
Volume III - Curriculum
Volume IV - Final Report

In addition, the conference organizer should be familiar with "Small Business Management Needs Assessment," "Job Description, Qualifications and Requirements for Certification of SBM Instructors and SBM Coordinators" and "Model Legislation " and other materials accompanying the model conference package.

To assist in organizing the materials for the conference, sources have been listed for each topic. When the reference source is from one of the four volumes listed above, the pages on which relevant information will be found are listed in parenthesis ( ). When the source is from documents included with the model conference, as support material, the documents from the appendix are referenced by page number.

All of the materials for this conference can be covered in one conference day of 6-8 hours.

CONFERENCE OBJECTIVES

A. After the conference the participants will understand the need for entrepreneurial education programs.

1. Why a small business management education program.
2. Historical setting of the Minnesota Model for Small Business Management Education.
3. Small Business Management Education and the minority entrepreneur.

B. After the conference the participants will have an understanding of how the SBM program benefits participating businesses by:

1. Increasing the entrepreneur's knowledge and understanding of the economic and business principles upon which sound business decisions are based.
2. Developing the entrepreneur's ability to effectively utilize the decision making process in the management of his/her business.
3. Developing the entrepreneur's ability to adopt his/her business to change in response to predicted business trends.
4. Increasing the business person's knowledge of the technical aspects of his/her business operation.
5. Increasing the entrepreneur's skills in performing the functions of management and business operation.
6. Improving the entrepreneur's ability to recognize the use and value of auxilary services and agencies in the operation and management of his/her business.
7. Increasing interest in the total welfare of the community and increasing civic responsibility.

C. After the conference the participants will know how to implement a SBM Education program in their state.

1. Needs Assessment
2. Instructors Qualifications
3. Advisory Committee
4. Model Legislation

D. After the conference the participants will have an understanding of the Small Business Management program design.

1. Number of students in class.
2. Role of the SBM Instructor.

CONFERENCE AGENDA

One-Day Conference

Topic 1 - Introduction of Conference Participants and Conference Staff

Source:
Local Conference Chairman

Topic 2 - Why a Small Business Management Education Program?

Source:
Volume I, Instructors Manual, (pp 1-10)

Why a Small Business Management Program? pp 4-6

Topic 3 - Historical Setting of the Minnesota Model for Small Business Management Education

Source:
For background in Farm Management Education see, "A Brief Historical Review of the Development and Growth of the Management Education Program for Farmers and Ranchers," pp 7-9

Volume IV, Final Report, (pp 1-9)

Topic 4 - Small Business Management Education and the Minority Entrepreneur

Source:
Volume IV, Final Report, (pp 11-14), (pp 71-79)

Excerpts from: "Establishing Minority Small Business: Case Studies of the Itinerary and Influence of Educational Intervention Among Three Cultures," pp 10-19

Topic 5 - Small Business Management Education Benefits to Participating Businesses, Program Purpose, Objectives and Outcomes

Source:
Volume I, Instructors Manual, (pp 6-10)

Volume IV, Final Report, (pp 5-6), (pp 34-79)

Topic 6 - Implementing a Small Business Management Program

Source:
Small Business Management Needs Assessment

"Job Description, Qualifications and Suggested Requirements for Certification of SBM Instructors and SBM Coordinators"

Volume I, Instructors Manual, (pp 15-24), (pp 25-58), (pp 59-65)

"Model Legislation"

WHY A SMALL BUSINESS MANAGEMENT PROGRAM

By Dr. Edgar A. Persons
Project Director

The Historical Setting:

When vocational education was first begun, there was a lot of attention focused on the self-employed. Many of you can perhaps recite the Smith-Hughes Act chapter & verse. I'm sure all of you recall the intent to train present and prospective workers in agriculture (farming) and the mechanic arts.

While the intent to teach people to be managers was not foremost in the minds of the founders, it was nevertheless a recognized fact that a large majority of those trained would be their own boss.

Somewhere along the line we have lost sight of that early purpose, and have shifted vocational education to educate folks to work for others rather than themselves.

Perhaps the demand to train workers was so overwhelming, that the squeaky wheels got the most grease - or perhaps we developed a mentality that told us persons inventive enough to go into business didn't need any formalized training. The reason for the shift is unclear, and in fact unimportant.

What is important, and becoming increasingly clear is the fact that small businesses need a lot of help.

First of all, there are lots of them. I suspect that most of you flew into the Twin Cities this morning. If you did, you no-doubt noticed that this is still an agricultural state. We boast of agriculture as our number 1 industry. We have about 60,000 commercial farms that produce about 90% of the State agricultural product.

Yet in this same State we have about 75,000 small businesses.

Yes, there are lots of them and they employ a lot of folks. Roughly 4 out of every 10 workers, work in a small business.

Doesn't it seem appropriate that if we are busy working with youth and adults to create within them the skills and knowledges to be good employees we must also seek to improve employment opportunities? What better place do we have to work both sides of the street! It does little good to train for employment and ignore those who employ.

Yes, there are lots of them! But remember when we count, we only count the survivors and the survivors are pitifully few.

This entrepreneur, he/she is a strange cat, Collins & Moore describe him as follows:

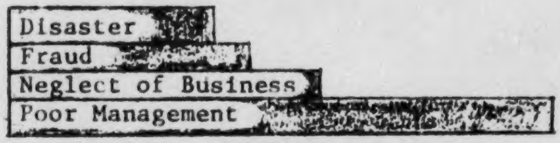
> "The entrepreneur, typically, cannot accept without reservation the leadership of others. He cannot live within a framework or occupational behavior set by others. He must, in the end, seek another way. It is this seeking of another way that, in the most fundamental sense make an independent entrepreneur of him,"....Collins & Moore, as found in the 4th edition of Small Business Management, Broom and Longenecker, p.56.

How many survivors - How many "Entrepreneurs" have we?

The SBA estimates that there are about 440,000 new businesses started each year. Unfortunately, they have about the same survival rate as alligator eggs - since the SBA estimates that each year 400,000 businesses are dissolved. Of course, not all are failures, completely, some have simply reached the end of their time and have been sold or fade away. We do know that the failure rate is enormous. If 10 new businesses were to start in your neighborhood today, how many do you think would be there next year at this time? If your neighborhood were average, USA, about one out of 5 would be gone a year from now and in four years only 4 or 5 would remain. It is definitely a case of survive of the fittest.

Why do they fail? The SBA categorized failures this way:

Causes of Business Failures:



Causes of Financial Problems:
- Inadequate Sales
- Heavy Operating Expenses
- Poor Credit & Collection Policies
- Inventory Trouble
- Excessive Fixed Assets

By far the most common reason is poor management. Just as an illustration, examines 5 common causes of financial problems. It is easy to see that all of these factors can be tied to poor management.

What is the small business management program all about? Perhaps a small dose of our philosophy and our definition of management education will help you to understand the basis for the small business management program we are going to share with you.

Our definition is simple:

> Small business management is the application of business techniques and economic principles to the organization and operation of a business so as to secure the maximum continuous profit. Consistant with business and family goals.

> A small business management educational program strongly adheres to utilizing the family resources of land, labor, capital and management in order to establish various business goals that will be congruent with those established by the family.

And our philosophy is even simpler:

> The job of the SBM program is help families reach their goals.

In summary, let's help turn back the wheel and focus some attention again on self-employed.

Why?

1. There are lots of them!
2. Many of them aren't doing so well.
3. We can ill afford business failure.
    a) It destroys jobs - jobs our employee type graduate need!
    b) It causes undue social & economic hardships to the entrepreneur who fails.
4. Much business failure can be laid to poor management.
5. We think we have a program that not only has a sound philosophical basis, but has been proven to be effective.

We would like to tell you more about it!

A BRIEF HISTORICAL REVIEW
OF THE DEVELOPMENT AND GROWTH OF THE MANAGEMENT EDUCATION PROGRAM FOR FARMERS AND RANCHERS

There is no recorded history of the growth and development of the Minnesota Farm Management Education program, although such a document is now in progress. In lieu of a more formal document, this brief resume of development will serve to provide a chronology of progress and growth.

Farm Management Education had its roots in the educational program which emanated from the war adjustment acts of 1944-46 and the implementation of institutional on-farm training for veterans of W.W.II. In Minnesota the state leaders developed a format for educational delivery that proved to be extremely effective. Instruction combined large group, small group and individualized instruction. Not only was the instruction organized to optimize effectiveness by imposing rules on class size and homogeneity of student goals, but it incorporated the use of a uniform business accounting system for all veterans.

Somtime prior to the implementation of the I.O.F.T. Program the Department of Agricultural Economics devised a system of comprehensive farm record analysis. This system gave the opportunity to examine the business in detail with the intent that the farmer could detect the strong and weak parts of the business and could effect changes in his business to maximize his profit.

Since the veteran students were all required to keep farm accounts and since there was a system of analysis available, a number of enterprising teachers combined the systems to provide a business analysis for their students. The first accounts were analyzed by the Department of Agricultural Economics as a special service for the veteran teachers.

Because this innovative approach to adult education in the federally subsidized farm training program appeared to have tremendous potential for regular adult education in the public school vocational agricultural programs, Dr. Milo Peterson, Head of the Department of Agricultural Education, elected to demonstrate how it could be used in adult education programs with volunteer adult education students. In 1952 he secured a substantial grant from the Hill Foundation to asist in program development and demonstration. Lauren Granger was employed to develop and test the system, using the work done in Agricultural Economics as a basis for the business analysis system.

When the program had been in the trial phase for only two years the Minnesota State Department of Education recognized the value of the farm management approach to adult education and determined that the program would develop more rapidly and be more effective if there was a good system of coordination. Eventually the state was divided into eight coordination areas, each assigned an agricultural area coordinator with responsibilities for development and promotion of farm management education and for coordination of general vocational agriculture at the high school and post secondary levels.

The University of Minnesota continued to promote the program through both undergraduate and graduate education. In 1964 a staff member was added and gradually given the responsibility for program development and the training of undergraduates and graduates in the philosophy and operation of a farm management education program.

Progress in the program can be measured by the number of former students who submitted their business records for analysis. The chart which follows shows the growth in the program in Minnesota.

Minnesota Vo-Ag Farm Management Education

	1961-2	1967-8	1972-3	1973-4	1974-5
Total Number of Vo-Ag Instructors	287	277	269	269	270
Full Time Equivalent Adult Veterans Teachers	39	70	133	187	206
Number of Records Analyzed	450	1560	3700	4700	5700

It should be noted that there are at present approximately 57,000 commercial farms in Minnesota in economic classes I-IV (farms which gross $10,000 or more). Thus the farm management program is providing a business analysis for about 10% of the commercial farm population. The number of farmers reached is actually higher than the number of records analyzed since there are some farmers enrolled who do not complete an analysis (approximately 10% of the enrollment) and another sizable group who are partners in the business where a single analysis serves more than one family. It can be documented that for every 1,000 farm analysis completed, about 1,150 farmers are represented through partnership or multiple operator organization.

The process of record analysis has undergone constant change. The first major revision in procedure was in 1965 when the first set of records were analyzed via computer. In 1967 the format of the analysis was revised to incorporate new analysis procedures made possible by the introduction of computer processing. Since then, some revisions have been made each year. The introduction of a national invitational farm management education conference in 1973 has provided the medium for exchange of ideas among the teachers in those states which have adopted the Minnesota approach to adult education in agriculture. At the 1975 conference hosted in Seattle by the Washington farm management group, the following states were represented: Minnesota, North Dakota, South Dakota, Nebraska, Washington, Oregon, Alaska, Oklahoma and Texas. The states of Iowa, Wisconsin and Connecticut where isolated programs are in operation did not send representatives.

How has the program been disseminated and what has been the result? Program dissemination has been largely based on the initiative of state leaders who, upon examining the results of the programs in operation, have determined that it is a viable alternative for serving their own rural clientele. The University of Minnesota has provided the opportunities for short term internships for interested teachers as well as in-service training of larger cadres of prospective management instructors. Through short intensive workshops most of the participating states have had an opportunity to get an initial start in the development of their own statewide system of management education.

In addition, the program has been backed by the investment of a considerable research thrust in both program development and program evaluation. It is estimated that about a million dollars have been expended by institutions and individuals in Minnesota alone in the research thrust related to management education. In addition there has been in recent years an investment of about 2.5 million dollars annually in program support at the state level and an additional support of one million at the local level. The combined investment in both research and program support, while to the layman a sizeable sum, has been more than repaid by the increase in business activity generated by the management program. In fact in Minnesota, the additional tax revenue which is generated by the increased earnings of farm families enrolled can be shown to almost repay the entire cost of both local and state program support annually. In a very real sense, the old adage that "education doesn't cost, it pays" can be demonstrated in hard dollar and cents facts.

As alluded to earlier, the management program for farmers has spread to other states. Since all states use the same curriculum materials, the same business analysis format and the same record service center for analysis, there is considerable savings of public moneys through simple economics of size and the principle of spreading fixed costs. The chronology of the spread to other states at this point is not well documented, but only approximate.

Initiated in Washington	1966
Initiated in Nebraska	1969
Initiated in North Dakota	1970
Initiated in South Dakota	1968
Initiated in Oregon	1970
Initiated in Wisconsin	1972
Initiated in Oklahoma	1975

The dates of initiation in Alaska, Connecticut and Idaho are uncertain.

It is obvious that programs have grown more rapidly in some states than in others. The differential in growth can be attributed in large part to the assistance that state leadership has provided in organizing training sessions for prospective teachers and in providing some form of state-wide coordination of the developmental efforts. The second most important element has been the support provided by local administrators to the development of the program within their own school area. Without the strong support of both the state and local educational agencies, the program has a more difficult task in reaching the objectives of providing education to farm families that will raise the level of rural living and improve the stability of modern agriculture.

Excerpts from:

"Establishing Minority Small Businesses: Case Studies of the Itinerary and Influence Of Educational Intervention Among Three Cultures"

By: Thomas Eugene Norman

Itinerary for Business Establishment

Observations:

If there is a recipe for getting established in business, no two of the cases studied followed the same one, but there are nevertheless some commonalities in the itinerary followed. The most obvious commonality is that with the exception of one business, becoming an entrepreneur was not a first choice or entry level occupation. Because of the necessity to acquire capital, this observation is not a surprise. What was less expected, was the lack of an early life decision or goal to be an entrepreneur. In fact, in a majority of cases, it required long periods of employment or apprenticeship in an occupation before the desire to be an entrepreneur surfaced.

This late decision to enter into business is in contrast with the farm entrepreneur where decisions to become a business owner-operator are often fixed early in life.

A second observation relative to establishment itinerary is that the prospective entrepreneur first aims at becoming technically competent in a special area of business activity and either through work experience or combined experience-study, developed a high level of technical skill. At no time in the developmental process did the prospective entrepreneur consider it necessary to gain specific knowledge, skills or work experience as an entrepreneur or manager.

Decisions to become an entrepreneur, rather than being an orderly, well thought-out process, are often made as a response to a disruption in the normal life style -- or a desire to change the life style. Divorce, loss of a job, a move to a new location and other such life-disrupting events were mentioned in the cases studied as a motivating force to strike out on their own as an entrepreneur. This stimulus-response characteristic in many cases was a more viable force in motivating a person to become an entrepreneur than was a long term desire or urge to be self employed.

As might be expected, the most serious problem encountered in becoming established was the lack of adequate capital to finance a business. All of those interviewed reflected upon the necessity to make family sacrifices in terms of reduced revenue for family spending in the early stages of establishment. While some business owners lamented the lack of personal capital, still more verbalized their lack of understanding of the processes one must go through to obtain capital when getting established. While the problem of capital acquisition was real, it should be pointed out that all businesses studied were resourceful in one way or another in finding a solution to the problem.

Suggestions for Empirical Research:

The hypotheses suggested above related to the establishment itinerary suggest that some comprehensive research should be done on the process of business establishment. It is possible that some of the hypotheses will be found to be incorrect. It is likely, however, that for those hypotheses which are indeed correct, some reasonable solution to the problem can be found. The literature abounds in describing the lack of entrepreneurs among minority populations and the high rate of failure among those who attempt entrepreneurship.

A study which examines establishment on a large scale may identify itineraries for establishment that are not evident from the limited case study. It is probable that the itinerary for those who are successful in the service-technology businesses may be quite different from that of entrepreneurs who are successful in retail/wholesale enterprises. It is possible that with careful design a matrix of best itinerary/personal circumstances could be drawn which would provide more concrete guidelines for an individual entrepreneur and surplant the general recipe for establishment now commonly described in texts on starting a business.

The matrix of itinerary steps/circumstances could likewise be used to establish some minimum levels of capitalization necessary for establishment to reduce the incidence of failures during the initial years of establishment, given an indication of the kind and scope of businesses to be established.

Educational Intervention in Establishment Itinerary

Observations:

If educational programs were available at the time the businesses studied were becoming established, few of the respondents were aware of their existence. They neither knew of the existence of the programs nor had a clear understanding of the type of help that would be most appropriate. As reported earlier, the majority of the business operators entered business after acquiring a high level of a technical skill. The confidence that they had in their technical skills was sufficient to make training in business management seem unimportant at the time.

It was observed that the confidence in the initial level of skill development was short lived. Most cases reported that the business had not been established long before they realized the necessity for both a need to upgrade technical competency and to acquire more knowledge of management.

Even though many expressed a high level of interest in some form of education or training related to their business, few had taken advantage of the educational programs offered after the business was established. In all of the communities from which the subjects were selected, there were active programs sponsored by the SBA, NEDA and other educational agencies. It must be assumed that these programs were not offered without a considerable amount of publicity through the public media and through the organizations in the business community. Yet it should be noted that their forms of advertisement failed to spark the interest of the subjects to a level where they would actively participate.

Decisions to participate in either technically oriented or management oriented educational programs are often the result of a crisis dilemma rather than a planned part of the intinerary; the need for a special license, a financial crisis or outmoded technology sometimes provided sufficient motivation for the operator to seek outside assistance.

The apparent lack of attention to educational opportunity should not be interpreted as an anti-education attitude or disillusionment with the results that education could provide. It is rather a combination of lack of knowledge about opportunities and an uncertainty about the way in which the educational program could be of direct benefit to the individual business.

To more thoroughly understand the apparent disparity between the expressed need for some assistance and the lack of participation when programs aimed at providing such assistance were available, one must examine the nature of the programs and the context in which they were provided.

It was observed that the programs in which subjects participated (only two of the cases) or programs of which the subjects were aware had several distinct characteristics. First, the assistance programs were all of short duration, lasting from one to ten meetings in a concentrated series of business topics. Second, the assistance programs provided only classroom instruction with no attention given to individual businesses or to work within the proprietors own business. Third, there was no coordination between programs; no long range plan for combining the efforts of the several agencies to provide for long term continuity in the educational program. Fourth, the programs had no local institutional base from which they could operate or to which they had to be accountable, and fifth, the programs had either federal or local sponsorship without partnership in any statewide or state sponsored effort at coordination and thrust.

The above statement is not to be interpreted as a criticism of either the quality of the programs offered or the sincerety with which the sponsors attempted to meet areas of concern within a community. It is rather an observation made based upon the comments of the interviewees as they recounted their knowledge of or experience with management assistance progams in their communities.

The author would be remiss in not recognizing the assistance that respondents got from individuals. The non-formal assistance that was received from friends, business associates and other interested parties was credited with providing much of the knowledge that some of the business operators gained about management. Even though this assistance was not formalized, the businessperson was quick to recognize the value of his/her association with other individuals to the success of his/her business.

In summary, it can be generally observed that education was not a major intervention in the process of becoming established in a business. Few of the cases reviewed had participated in such activity although their current attitude toward the necessity of education in an intervening role was very positive.

Suggestions for Empirical Research:

It is suggested from the hypotheses stated above that some comprehensive research should be done on assessing the types of educational programs available for and needed by minority small business establishments. Further research should concern itself with appropriate intervention levels of management educational programs as a matter of checking at what point in time an intervening program (if any) would be beneficial.

Repeatedly, the respondents in this study commented that they were unaware of management assistance programs in their general areas of business. This, in fact, should alert those responsible for designing such programs to closely examine the public media and its mode of information dissemnation on a preference scale basis to see which media best encompasses the population concerned. Public media advertisement should be compared with personal invitation on the basis of both cost and effectiveness.

As stated earlier in this study, most of the case studies revealed a preference and need for management educational programs after the business was established and the business operator had an opportunity to apply his technical skills to the operation of the business. Serious consideration should be given to designing and administering alternative educational programs that would provide for a desirable mix of both technical and management skills and yet be operable within the time restraints under which most newly established business operators function.

Management education programs for small businesses would appear to gain more stability if supported by a local educational institution within the community. To test the hypothesis that a local institutional base is essential, programs of like quality design and purpose should be offered experimentally with both local institution and outside agency support to determine the most effective delivery organization.

The effectivenss of state coordination of management assistance is not easy to test. However, it is possible to find communities or regions of states that might be comparable on important characteristics. It would be valuable, in matched communities, to establish a coordinating agency in an experimental design to determine if the coordination of small business management programs could improve the effectiveness of such programs with a positive benefit-cost ration.

There are already a number of well designed short management assistance programs in operation through various public agencies. According to the respondents in this study, they failed to provide the needed services. Most frequently mentioned was the lack of personal attention and assistance. Could the programs be modified to deal with the same basic content but provide the personal one-to-one assistant which appears to be necessary? A comparative study of programs which include the personalized element with those which provide only group instruction may prove the personalized service to be economically feasible if this addition adds measurably to the effectiveness of the short-term program.

The Contribution of Educational Experiences to Success

Observations:

Since "success" in this study was used synonymously with survival, the cases studied did not provide any empirical measure of relative success. While there were obvious difference in the "apparent" or visable success of businesses, no attempt was made to gather financial data to measure success in a quantitative way, nor was there an attempt to tie the progress that a business had made to the goals the family had set or the value system of the family who may have adjudged a business of only moderate financial performance as being highly successful. Thus the contributions made by educational experiences can be reported or observed in only a very general way.

Early education (education in high school or before) seemed to play only a minor role in the success of the business. Only a few of the cases studied had experienced any high school education that was directly related to business activity, and that only in a very general way. While some reported the usefulness of business education vocational training in high school to the business, the usefullness was confined to carrying out the functions or duties of business labor rather than management. Office skills such as typing and filing were useful, but only as they related to the duties assumed by the operator or spouse for the daily routine of the business.

None of the respondents professed to having had business courses related to management, although it is likely that at least some had completed courses in such topics as business law, economics, or consumer education; all of which should have had some relationship to the kinds of managerial tasks the operator was now called upon to perform. If such courses had an impact on the success of the business, the relationship between success and such courses was not apparent to the operator.

It should be noted that the opportunities to enroll in business management related courses while in high school was severely limited, if in fact it did exist. Entrepreneurship training is an area of study that except in a few isolated schools has not found its way into the curriculum. An exception would be training in vocational agriculture where entrepreneurship has been given a high priority. However, even in this discipline it is unlikely that one who contemplated a career as a non-farm business owner-operator would seek to enroll in a discipline where the relationship to business ownership would be difficult to discern.

Some of the respondents chose to pursue a business oriented curriculum in college. Since the number who chose to enter business training in college was greater than those who selected to study the subjects in high school, there is a clue that the decisions to pursue a business oriented career are made late in the career decision process. In view of the lack of courses at the high school level which might provide an orientation to entrepreneurial occupations, this fact is not surprising. Students had to make decisions on career selection on the basis of their own independent observations of the role of entrepreneurs rather than on information provided in an ordered sequence of learning activities.

Since only two of the business operators attended any non-formal training either prior to or after getting established in business, few observations can be made relative to the effectiveness of such training. It should be noted however, that fifteen of the cases studied were currently enrolled in the Small Business Management pilot project programs in the respective communities. While the subjects claimed the current program to be highly desirable, it was too soon after the establishment of the program to determine how effective the program was in improving the management of the business or improving the level of business success. It should be noted that the operators gave credit to the program for some of the changes they made in their business which they thought would improve the effectiveness and ultimate success of the firm.

There were features of the current program that they considered to be essential elements. The most commonly mentioned was the relationship they had developed with their instructor during the in-the-business individualized instructional activity. The emphasis on a good record system with the attendant followup assistance was another feature frequently mentioned as highly beneficial. The opportunity to get together over a long term with other businesspersons to discuss like problems, share experiences and enjoy a desirable social experience was the third characteristic which subjects thought desirable. These characteristics are mentioned only because the author observed that these are features of the current program that were not common to other forms of management assistance available in the community and may be important factors in motivating a family to participate in management training.

Suggestions for Empirical Study:

At the time of this writing, there are two national projects sponsored by U.S. Office of Education designed to implement business management orientation and skills courses at the high school and post high level. A third project to develop materials for use in the junior high school to develop awareness of business ownership as a career has already been completed. These programs are founded on the unproven supposition that exposure to the roles and responsibilities of the entrepreneur during the career decision period of a study will increase the incidence of those who elect business ownership and management as a career. Since these programs will be implemented, it will be important to test how effective they are at accomplishing their goal. The cases studied demonstrated that few decisions to enter business are made at an early age. The curriculum in schools provided few opportunities for those in the study to choose business management related courses. With the advent of management oriented courses in the school, it will be important to determine if the career decision situation relative to business management will be influenced.

Career education at the high school level also places emphasis on education for work. It is the intent to redirect courses currently offered in such a way that the relationship to the world of work can be more readily observed. Does this concept apply to business entrepreneurship? Will the redirection of the general courses like business law, economics and consumer education lead to a recognition in latter life of the contribution such courses made to the management or operation of a business?

More work needs to be done on determining when certain levels of career decisions occur. Is there a hierarchical order in which decisions are made, and if so, where in the hierarchical order to decisions to enter business fall? A study that combines both an examination of aspirations and career decisions may shed some light on when courses designed to assist in getting established in business may most appropriately be placed in the school curriculum.

Finally, some attention must be given to the individualized or personalized mode of instruction for the businessperson. How much does it improve program effectiveness? How much does it cost? Do the benefits exceed the costs? What place does personalized instruction have in the role and responsibility of publc agencies? These and other questions can help to solve the problem of acceptance of public assistance programs by both the users and those who must provide the financial support.

Assessment of Needs

Observations:

Almost all of the cases studied recognized the need for some form of management assistance in getting their businesses established. In fact almost all expressed a desire to have some assistance before the business was established. However, it must be recognized that hindsight is usually more revealing than foresight. Since most of the businesses were started on the basis of the entrepreneur's skills or technology rather than knowledge of business, it is questionable if the same attitude would have prevailed at the time the business was starting. The fact that there were programs and assistance available through various public agencies at the time business organization was contemplated, yet none sought out such assistance may be evidence that such programs would be no more successful today than they were in the past in reaching those who had made a decision to be an entrepreneur.

It is apparent that the opportunity to engage in management training needs to come early in the life of a business. This observation is based not only on the response of the business operators interviewed who generally responded "assistance should be provided as early as possible" but also in the historical record of business failure which shows the greatest failure rate to be concentrated in the first three years of operation. An earlier observation pointed to the fact that confidence in ability to manage a business eroded when the operator discovered that being a skilled technician was not adequate to sustain a viable business operation. To be most acceptable to the business operator, it is probable that the offer of management assistance should be made at a point that generally coincides with the erosion in confidence to manage. From the cases studied, the indications are that this point will occur sometime during the first three years of operation. The best leads for recruiting people into a management program may come from a list of newly established businesses in a community. Some contact with the business operator during his first year of establishment and follow-up recruitment visits made in the second or third year may provide the best opportunity for matching the availability of assistance with the initial erosion in confidence to manage.

Needs were expressed for technical training as well as for management skills. However, the technical training was generally thought useful later in the establishment itinerary than was management assistance. It should be remembered that most cases studied started business based upon their technical skills, so it is not surprising that it took longer for the need for technical skill upgrading to surface. It should also be noted that many had already engaged in technical training prior to establishment and may have been confidence that their technical skills were of high quality.

The reader should not assume that all business operators hunger for either technical or management training. As observed in some of the cases, there was no desire to become engaged in any form of training. When the operator was at an advanced age or when the type of business operated required low levels of both technical skills and management, the operator saw little need for training and in fact stated emphatically that he/she would not enroll. Thus, it is observed that management training is not desired by everyone and programs should not necessarily be designed to serve the whole population of minority business operators, but rather that the programs should be designed to concentrate on the problems of those who are determined to be most likely receptive to the opportunity.

Because most of the cases studied were currently enrolled in a management assistance program, it is likely that their awareness of both past needs and future opportunities for training was heightened. This supposition became evident as they projected the kinds of training to which they looked forward, both in technical and business training opportunities. While some of the cases had children already engaged in the business as family helpers, few of the operators had made any plans to incorporate the family members into the business. However, they expressed the necessity for their own children to get a "good education" and those who considered the possibilities of the young family member entering business, specified the necessity for business training. The educational level of the subjects seemed to have little bearing on the level of education they aspired to have their children obtain.

When asked to respond relative to future training needs, operators tend to respond instead relative to business needs. Such things as business expansion, obtaining more capital, finding a new business location seemed to take prescedence over thoughts about specific areas of training needs in either management or technology.

In summary, the best definition of when assistance should be available is "early." But the "early" response must be tempered by what has been observed about the propensity of operators to fail to recognize the need for management assistance until the business has been established and has experienced at least a brief period of operation.

Suggestions for Empirical Research:

The hypotheses outlined previously can likely be combined in a single comprehensive study. To test the level of acceptance of or recognition of the need for management assistance would require the identification of a population of potential business operators with a longitudinal study of their expressed desire for management assistance over a period of years. Such a study would be significant in helping to pinpoint more exactly the readiness for educational intervention and would be an aid to planning programs that in content and concept best matched the needs commonly identified as being crucial to business success.

Both the level of goals of the business operator and the levels of education to which he/she aspires for the operators' family members can be determined within the study group. Again a longitudinal approach to this question will allow the researcher to equate the aspiration and goal levels with shifting assessment of need levels of the operator, and could more adequately answer the question of the relationship of aspirations for family to success if there is a developmental history of the business success for each operator and a record of the shifts or adjustments in the family-business goals.

Summary

This study was not designed to provide answers to the key questions outlined in the problem statement. The purpose was rather to observe, hypothesize and suggest research needs.

The author has attempted to satisfy the major purpose by addressing each of the key questions in turn: What was the itinerary? When did education intervene? How effective was the educational intervention? And, at what points in establishment do established business operators consider education to be most crucial.

The observations have been made based upon the subjects upon which case studies were conducted and upon knowledge gained through the literature. The hypotheses are all considered to be testable and would each add a significant bit of knowledge about the establishment and education process. Suggestions for research are included to simply demonstrate that the hypotheses are indeed testable. While no specific designs are outlined, the general nature of the research that needs to be done to adequately address the key questions posed in the problem is elaborated.

Little is actually known about either itinerary for establishment or educational intervention. It is hoped that this study will pave the way for further research in this vital area and will spark the interest of both educators and business experts to examine the general problems of itinerary and intervention more closely.

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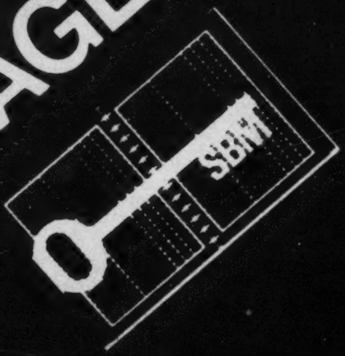
SMALL BUSINESS MANAGEMENT



The Development, Design And Evaluation Of The Minnesota Model For Small Business Management Education

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April 1978

AN ADULT
EDUCATIONAL
PROGRAM

History and Background:

Based on the premise that there was a great deal of similarity between the management problems faced by farmers and small business operators the Farm Management Education Program was used as a model for developing a management education program for small business entrepreneurs. The program in farm management has been in existence some twenty years and is currently operating in Minnesota and ten other states. Pioneered and disseminated by the Agricultural Education Division of the University of Minnesota, the farm management program lends itself to formalized classroom instruction reinforced by on-site individualized instruction. The concept of an accurate recordkeeping system is strongly advocated and taught in class sessions. The application through individual visits to the student's farm makes for a thorough understanding of the student's business. These practices are likewise performed by the instructors in the Small Business Management Program.

The Small Business Management Program presented herein was developed over a three year period pursuant to a Grant from the U.S. Office of Education, Department of Health, Education and Welfare. Testing and refinement of the program was accomplished through the cooperation of Minnesota area vocational technical institutes at Anoka, Faribault and Thief River Falls, which currently are operating programs in small business management education.

Additional testing was done in programs representing minority cultures. Instructors were employed who were representative of their cultures for American Indians at Ft. Wingate, New Mexico, Mexican American at Brownsville, Texas, and Black Americans at Greensboro, North Carolina. Brownsville is currently operating a small business management education program. The Greensboro program was temporarily delayed while sources of funding were being sought.

Goals:

The general goal for the Small Business Management Program at the local level is: to assist business families in improving the effectiveness of their business operation so as to assist in the attainment of family and business goals.

Benefits:

The local program is designed to benefit the participants by 1) increasing the entrepreneur's knowledge and understanding of the economic and business principles upon which sound business decisions are based, 2) developing the entrepreneur's ability to effectively utilize the decision-making process in the management of her/his business, 3) developing the entrepreneur's ability to adapt her/his business to change in response to predicted business trends, 4) increasing the businessperson's knowledge of the technical aspects of her/his business operation, 5) increasing the entrepreneur's skills in performing the functions of management and business operation, 6) improving the entrepreneur's ability to recognize the use and values of auxiliary services and agencies in the operation and management of her/his business, and 7) increasing interest in the total welfare of the community and increasing civic responsibility.

Program Design:

The instructional program is divided into four distinct kinds of activities: classroom instruction, small group instruction, individual instruction and business technology instruction.

Classroom instruction is offered once per month following the sequence of units outlined for the program. Information and content emphasize certain management techniques or procedures that have application to all class members. In the second and third years much of the instructional material is drawn from the business analysis of the members of the class. Appendix A contains a listing of unit topics for each of the three years of instruction.

Small group instruction is most apt to involve three or four business operators with like kinds of businesses where the management instruction can be related to specific business type. Such instruction is usually based upon the identification of a common problem through the individual at-the-business instructional activity. Small group instruction is offered as needed.

At-the-business individual instruction is planned to occur once each month with each student. This activity allows the instructor an opportunity to relate the classroom instruction directly to the student's business and to deal with problems of organization and management that are unique to the specific business. Class members generally place a very high value on the individual instruction.

While business technology is an important part of the total educational effort, it is not part of the management instructional package. When the instructor and advisory council have determined that there is a need for instruction in a special area (i.e. advertising, display, personnel, etc.) it is the instructor's responsibility to arrange for instruction to meet the need. In those areas where the instructor is competent, he may teach the sessions himself. For others he may arrange for a specialist to offer the instruction.

The business analysis is a basic element of the second and third year of instruction. A complete analysis contains nine separate tables. Three of these tables are presented in Appendix B. The annual business analysis provides the foundation for the curriculum. It was recognized by the instructors and the advisory council that monthly and/or quarterly operating statements and balance sheets are often needed by the business. These periodic statements can be done by the owner and instructor manually or can be provided by computer service firms like Specialized Data Systems (SDS) of Madison, Wisconsin. SDS personnel have had fifteen years of experience with educational business analyses. They compute both the annual small business and farm business analysis.

Unique Features:

Two select advisory committees were involved in the development of the small business management program, each with a unique responsibility. The business professional committee addressed the issues of implementation and utilization through the public school system. Since they were associated with business education at the high school, post secondary, college and State Department of Education levels, they had a unique expertise in determining the direction the project would take to be acceptable to the educational community.

The council of small business entrepreneurs on the other hand viewed the development of the program as it would affect their own businesses. It was this combination of the business entrepreneurs and educators that guided the development of materials that have found such widespread acceptance with the students who are enrolled.

The fact that the program focuses on an adult population of self-employed is in itself a unique feature, but contributes also to other factors worthy of review.

The emphasis on adult education is in keeping with the new current emphasis on the out-of-school population. As school enrollments decline, educators have more time and resources to devote to adults, the fastest growing segment of the population in need of upgrading and updating education.

Concentration on the self-employed focuses the instruction on productivity, a major concern of all. How do you make a worker more productive? You make a self-employed worker more productive by focusing his/her attention on the more effective use of human and material resources through more effective management, which are precisely the objectives of the small business management program.

The focus of the program is to increase the level of employment and rewards from employment at a time when the alternative to self-employment for many small business entrepreneurs is to be unemployed. This is of particular concern when there is no effective public program to protect the self-employed should his/her business fail and he/she joins the large unemployed work force.

It is not coincidence that the materials of instruction and method of operation of this program mesh completely with the suggestions made by the National Advisory Council on Extension and Continuing Education in the section devoted to minority owned small business. The long standing experience with management education programs for farmers has shown the processes and procedures suggested by the National Advisory Council to be the most effective alternative with the highest demonstrated benefit-cost ratio. They are not processes and procedures that work uniquely well with minority or disadvantaged business operators but rather processes that work equally well with all small farm and non-farm entrepreneurs.

Utilizing the family resources of land, labor, capital and management the course of study strongly emphasizes the various alternative goals a business can establish that will be congruent with those established by the family. The year-round instructional program assures continuity. This is reinforced by having an institutional base in various educational settings which enhances perpetual funding. The programmatic sequence of instruction provides the opportunity to evaluate the effects of management decisions through a minimum three year program.

The concept of family involvement is strongly emphasized, coupled with individualized instruction through on-site visits in the program.

The business management program utilized five basic criteria for insuring the separation of the business management program from the technological program. These are: 1) SPECIFIC ENROLLEES -- unlike many adult programs offered through schools, this program has a specific enrollment. The instruction is offered only to those who commit themselves to a study of their business and agree to abide by certain rules which regulate their participation, 2) SPECIFIC UNITS OF INSTRUCTION -- the curriculum is designed to lead the student through a regular sequence of activities in the study of his/her own buisness. The units are prescribed to present in order, material that will motivate the student to gather data, analyze data and make implementation of business decisions possible, 3) SEQUENCE OF COURSES -- enrollment is not permitted in a haphazard fashion, but rather is in a definite sequence. Students must begin at the beginning of the three year program, 4) CONTINUITY BETWEEN COURSES -- the basic tiles for the years of instruction are: "Business Records and Accounts," "Business Analysis" and "Business Organization." Each course is prerequisite to the next. To analyze the business it is first necessary to have a suitable business record. To study the organizational alternatives it is first necessary to have analyzed the business to determine its strengths and weaknesses. The instruction is designed to bring students toward satisfaction of business and family goals -- goals that were established when instruction first began, and 5) INDIVIDUAL AT-THE-BUSINESS INSTRUCTION -- classroom and group activity must be applied to individual businesses if the instruction is to be useful. Planned individual instruction at the student's place of business permits the application of instruction to specific business problems.

In the small business management program, the analysis of the student's own business will likewise be a vital tool used in making management decisions. This real-life model is one of the key factors to class participation that becomes more meaningful to the student as he becomes more involved in the program.

Evaluation:

The small business management education program has undergone several forms of evaluation. The process evaluation was part of the on-going monthly modification system. Curriculum and business analysis revisions were the major issues of the process evaluation, however, the entire program design was also addressed by this method. Evaluation was also completed in the form of a benefit-cost analysis, a measurement of economic principles understanding and an attitudinal evaluation, and a final on-site evaluation of the minority programs. Only the benefit-cost analysis is reported here; all other evaluations are in Volume IV, Final Report of the Minnesota Small Business Management Education Project completed May, 1976.

Benefit-Cost Analysis:

A benefit-cost analysis study was made on the small business entrepeneurs enrolled in the pilot program. The following information is reported by Rodger E. Palmer "A Benefit-Cost Study of an Education Investment in Small Businesses," Ph.D. Dissertation, University of Minnesota, Minneapolis, 1976.

TABLE 1 BENEFIT-COST RATIOS: 1974 and 1975*.

Benefit-Cost Ration	Description	1974	1975
Individual CLM Ratio	Individual Added Net Profit (Return to Capital, Family Labor and Management) divided by Individual Direct and Opportunity Costs.	12.08: 1 (15)	11.43: 1 (60)
Community CLM Ratio	Individual Added Net Proft (Return to Capital, Family Labor and Management) divided by Individual and Community Costs.	5.52: 1 (15)	5.21: 1 (60)
Community Sales Ratio	Individual Added Sales divided by Individual and Community Costs.	7.49: 1 (15)	29.77: 1 (60)

*Numbers in ( ) indicate the number of observations.

Individual CLM Ratio

The findings showed that for each dollar the individual enrolled in a small business management education program incurred in direct and opportunity costs there was a return of Added Net Profit in 1974 of $12.08, and in 1975 a return of $11.43. There were 15 businesses with complete data in 1974 upon which to calculate the ratio, and 60 businesses in 1975 with complete data.

Community CLM Ratio

The findings show that for each dollar incurred by the community for a program in small business management education there was a return of Added Net Profit of $5.52 in 1974 and $5.21 in 1975.

Community Sales Ratio

The findings show that for each dollar incurred by the community for a program in small business management education there was a return measured in Added Sales of $7.49 in 1974 and $29.77 in 1975. The increase in sales from 1974 to 1975 as reflected in this ratio and in actual dollars is not reflected in increased profits as measured by CLM.

The study assumed a small business management education class enrollment of 40 students. Total costs reported by schools on the cost study form were divided by the assumed 40 students to arrive at a per student cost in the program area. The total cost per student was adjusted for tuition income as individuals had already reported this amount under direct costs.

TABLE 3 SUMMARY OF COSTS FOR 1974 AND 1975 SMALL BUSINESS MANAGEMENT EDUCATION PROGRAMS: INDIVIDUAL OPPORTUNITY AND DIRECT COSTS, AND PROGRAM COSTS -- ADJUSTED FOR TUITION INCOME.

Description	1974			1975		
	Minimum	Maximum	Mean	Minimum	Maximum	Mean
Individual Opportunity Cost	$196	$295	$244	$216	$326	$273
Individual Direct Cost	173	173	173	173	173	173
Program Cost*	557	588	576	438	651	592
Total Cost Per Student*	926	1056	993	827	1150	1038
Less: Tuition Income	133	133	133	133	133	133
Adjusted: Total Cost/Student*	793	923	860	694	1017	905

*Noted Based on 40 students per program.

The mean adjusted total cost per student in 1974 was $860. In 1975 the figure increased to $905 for a 5.2 per cent rise.

Conclusion:

By far the greatest number of businesses in the United States are small firms. These firms vary greatly in size, whether measured by total number of employees. Eighty percent of these businesses employ not more than twenty people, yet over forty percent of the U.S. work force are employed in small businesses, which total over four million. Research reveals a high percentage of small business failures each year, particularly minority small businesses. These underlying causes have been identified by the lack of knowledge of or experience with business and management practices and continuous educational programs. The National Advisory Council on Extension and Continuing Education reports that, "To date, approximately $4 billion has been available specifically to support the emergence and expansion of minority businesses. Of the total amount directed toward expanding or strengthening minority enterprise, only $2 million has been spent on training and educational programs. If we accept the research that contends that one of the principal causes of business failure is a lack of educational programs, this investment is negligible."

This educational program offers a new focus on vocational education. It does not concentrate all its efforts on skill acquisition and training of technicians and employees, but offers upgrading and improving business management skills of business owners and operators through long term management education.

Current State of Program:

The Minnesota Model for Small Business Management Education is currently operating in 18 sites in the United States. Programs can be found in Alaska, Minnesota, North Dakota, Oregon, South Dakota, Texas, Washington and Wisconsin.

The University of Minnesota is continuing the development and dissemination of the program under a Grant from the U.S. Office of Education. The several forms of assistance available from the small business management staff are:

1. Consultation and advising for State Department Of Education and

university or college staff, local school districts, economic development agencies, or other individuals or agencies interested in implementing the Minnesota Model. The complete spectram of program development, implementation and operation are available as areas of assitance.

2. Materials in the form of promotional slides and brochures, Volume I, Instructor's Manual, Volume II, Business Analysis, Volume III, Curriculum and Volume IV, Final Report.
3. Training programs are available for new instructors who can travel to the University of Minnesota or on a regional basis wherever several or more new instructors are located. An information session will be held at the University of Minnesota in the summer of 1977 for university and college teacher training staff wanting to include small business management education in their course offerings. An additional workshop will be held for State Department of Education Administrative personnel regarding policy and funding problems which may hinder the establishment and development of small business management education programs.

APPENDIX A

SMALL BUSINESS MANAGEMENT CURRICULUM UNIT TOPICS

APPENDIX A

UNIT TOPICS

SMALL BUSINESS MANAGEMENT I

BEGINNING SMALL BUSINESS RECORDS

Unit 1	Stimulating an Interest in Small Business Management
Unit 2	Showing the Need for Small Business Records
Unit 3	Measures of Small Business Family Progress and Uses of Small Business and Home Records
Unit 4	Inventories
Unit 5	Keeping Small Business Accounts Current
Unit 6	The Balance Sheet and the Monthly Summary
Unit 7	Cash Flow and Cash Flow Projection
Unit 8	Employee Records: Social Security and Income Tax
Unit 9	Unemployment Compensation, Workmen's Compensation, Fair Labor Standards Act, and Occupational Safety and Health Act (OSHA)
Unit 10	Employer-Employee Relations
Unit 11	The Depreciation Schedule
Unit 12	Income Tax Management
Unit 13	The End of the Year Inventory
Unit 14	Closing the Record Book for Analysis

UNIT TOPICS

SMALL BUSINESS MANAGEMENT II

SMALL BUSINESS ANALYSIS

Unit 1	Calculating Income and Social Security Self-Employment Taxes
Unit 2	Measures of Small Business Profit
Unit 3	Measures of Small Business Size
Unit 4	General Interpretation of the Analysis
Unit 5	The Importance of Inventories
Unit 6	Analyzing the Size of Business
Unit 7	Analyzing Mechanization, Labor, Equipment and Building Costs
Unit 8	Analyzing Major Departmental Efficiencies
Unit 9	Analyzing the Service Department
Unit 10	Evaluation of the Small Business
Unit 11	Income Tax Planning and Management
Unit 12	Closing the Small Business System for Analysis

UNIT TOPICS

SMALL BUSINESS MANAGEMENT III

SMALL BUSINESS REORGANIZATION

Unit 1	Attributes of Successful Small Business Entrepreneurs
Unit 2	Determining the Most Profitable Level of Operation
Unit 3	Selection of Departments
Unit 4	What Do Two Years of Records Mean?
Unit 5	Evaluating Overhead and General Business Costs
Unit 6	Evaluating the Major Departments
Unit 7	Evaluating the Customer Service Departments
Unit 8	Maximizing Income Through Reorganizing Variable Operating Expenses and Pricing
Unit 9	Maximizing Income Through Reorganizing With Increased Investment of Debt Liability
Unit 10	Maximizing Income Through Reorganization By Additional Capital Investment
Unit 11	Site, Buildings, Merchandise Handling
Unit 12	Planning Transitional Stages

APPENDIX B

ANNUAL SMALL BUSINESS SELECTED TABLES

SAMPLE BUSINESS

Brown Furniture Company

Table 2.1 Operating Statement
Table 4.0 Balance Sheet
Table 9.1 Departmental Operating Statement

25-00-000-001 APPENDIX B BROWN FURNITURE
11/22/76 YEAR ENDING 12/31/75
38

TABLE 2.1 INCOME AND EXPENSE STATEMENT - BUSINESS ONLY

400.	INCOME				RATIO
421.	MERCHANDISE SALES			$ 151,507	98.89
460.	CUSTOMER LABOR			1,696	1.11
475.	NET SALES OF GOODS + SERVICES			$ 153,203 *	100.00
500.	COST OF GOODS OR SERVICES SOLD				
121.	BEGINNING INVENTORY		$ 29,610		19.33
521.	MERCHANDISE PURCHASED		84,098		54.89
550.	FREIGHT IN COSTS		1,213		.79
A.	GOODS OR SERVICES AVAILABLE		$ 114,921 *		75.01
121.	ENDING INVENTORY		22,525		14.70
598.	COST OF GOODS OR SERVICES SOLD			$ 92,396 *	60.31
599.	GROSS PROFIT FROM SALES			$ 60,807 *	39.69
600.	EXPENSES				
609.	PAID FAMILY LABOR		$ 500		.33
610.	SALARIES + WAGES		13,770		8.99
611.	PAYROLL TAXES		1,388		.91
612.	ADVERTISING		600		.39
613.	HEAT		680		.44
614.	ELECTRICITY		369		.24
616.	TELEPHONE		165		.11
617.	INSURANCE		850		.55
618.	INTEREST		1,456		.95
619.	REPAIR + MAINT. - LAND		140		.09
620.	REPAIR + MAINT. - BUILDINGS		907		.59
621.	REPAIR + MAINT. - EQUIP + FIXT		185		.12
622.	REPAIR + MAINT. - VEHICLES		385		.25
623.	GAS, OIL + GREASE		1,037		.68
624.	LEGAL + ACCOUNTING		283		.18
625.	PROPERTY TAXES		1,664		1.09
631.	LICENSES		193		.13
635.	DEPR-BUILDINGS	$ 1,490			.97
636.	DEPR-EQUIP + FIXT	$ 644			.42
637.	DEPR-VEHICLES	$ 920			.61
634.	DEPRECIATION TOTAL		3,054		1.99
639.	RENT		1,500		.98
650.	SUPPLIES		218		.14
698.	TOTAL EXPENSES + DEDUCTIONS			$ 29,344 *	19.15
699.	NET OPERATING PROFIT			$ 31,463 *	20.54
B.	OTHER BUSINESS INCOME				
481.	RENTAL INCOME			600	.39
492.	OTHER			545	.36
397.	NET PROFIT			$ 32,608 *	21.28

SIGNATURE

TABLE 4. BALANCE SHEET - BUSINESS ONLY

A.	ASSETS		BEGINNING		ENDING
100.	CURRENT ASSETS				
101.	CASH IN BANK		$ 2,925		$ 32,821
102.	CASH PETTY				
109.	ACCT. REC. 0-30	$ 802		$ 870	
110.	ACCT. REC. 30-60	105		2,489	
111.	ACCT. REC. 60-69	43		202	
112.	ACCT. REC. OVER 90			884	
108.	TOTAL A/R	950 *		4,445 *	
114.	ALL. FOR BAD DEBTS				
B.	NET A/R		950		4,445
115.	NOTES RECEIVABLE				
116.					
121.	MERCHANDISE INVENTORY		29,610		22,525
141.	SECONDARY MERCHANDISE INV.				
161.	PREPAID INSURANCE				
162.	PREPAID TAXES				
163.					
179.	TOTAL CURRENT ASSETS		$ 33,485 *		$ 59,791 *
180.	FIXED ASSETS		REMAINING VALUE		REMAINING VALUE
181.	BARE LAND		$ 3,000		$ 3,000
182.	BUILDINGS	$ 37,000		$ 37,000	
183.	ACCUM. DEPR. BLDGS.	14,800	22,200	16,280	20,720
184.	EQUIP. + FIXTURES	$ 7,800		$ 7,800	
185.	ACCUM DEPR EQP + FXT	4,453	3,347	5,097	2,703
186.	VEHICLES	$ 7,600		$ 5,400	
187.	ACCUM. DEPR. VEHICLE	5,300	2,300	1,430	3,970
190.	TOTAL FIXED ASSETS		$ 30,847 *		$ 30,393 *
199.	TOTAL ASSETS		$ 64,332 *		$ 90,184 *

TABLE 4. CONTINUED

C.	LIABILITIES	BEGINNING		ENDING
200.	CURRENT LIABILITIES			
209.	ACCT. PAY. 0-30	$	$	
210.	ACCT. PAY. 30-60		2,536	
211.	ACCT. PAY. 60-90			
212.	ACCT. PAY. OVER 90			
208.	TOTAL A/P	$ 3,027		$ 2,536
216.	NOTES PAYABLE -BANK	4,187		11,437
217.	NOTES PAYABLE -OTHER			
218.	ACCRUED INTEREST			
219.				
220.	FEDERAL + FICA PAYABLE	800		800
221.	STATE WITHHOLD PAYABLE			
222.	FED UNEMP. PAYABLE			
223.	STATE UNEMP. PAYABLE			
224.	STATE SALES TAX PAYABLE			
225.	PROPERTY TAX PAYABLE			
226.				
250.	TOTAL CURRENT LIABILITIES	$ 8,014 *		$ 14,773 *
260.	LONG-TERM LIABILITIES			
261.	MORTGAGE PAYABLE	$ 29,873		$ 26,473
262.	INTERMEDIATE LOANS			
263.				
295.	TOTAL LONG TERM LIABILITIES	$ 29,873 *		$ 26,473 *
299.	TOTAL LIABILITIES	$ 37,887 *		$ 41,246 *
300.	OWNERS EQUITY			
310.	CAPITAL ACCOUNT -OWNER	$ 16,445		$ 26,445
311.	CAPITAL ACCOUNT -OTHER			
312.	CAPITAL ACCOUNT -OTHER			
320.	DRAWING ACCOUNT	10,000		9,550
321.	FED. + STATE ESTIMATED TAX			
397.	NET PROFIT	20,000		32,608
396.	SUSPENSE			- 565
379.	TOTAL EQUITY	$ 26,445 *		$ 48,938 *
390.	TOTAL LIAB. + EQUITY	$ 64,332 *		$ 90,184 *
D.	GAIN OR LOSS IN OWNERS EQUITY			$ 22,493

E.	RATIO - CURR. ASSETS/CURR. LIAB.	4.178	4.047
F.	RATIO - CURRENT LIAB./INVENTORY	.271	.656
G.	RATIO - FIXED ASSETS/OWNERS EQTY	1.166	.621
H.	RATIO - LAND+BLDG/LONG TERM LIAB	.844	.896
I.	RATIO - TOTAL ASSETS/TOTAL LIAB.	1.698	2.186
J.	RATIO - TOTAL ASSETS/OWNERS EQTY	2.433	1.843
K.	QUICK RATIO-CASH,A/R,/CURR. LIAB.	.484	2.523

SIGNATURE

23-00-000-001 BROWN FURNITURE
11/22/76 01 BEDROOM YEAR ENDING 12/31/75 41

TABLE 9.01 DEPARTMENTAL INCOME AND EXPENSE STATEMENT

					RATIO
400.	INCOME				
421.	MERCHANDISE SALES			$ 34,850	100.00
475.	NET SALES OF GOODS + SERVICES			$ 34,850 *	100.00
500.	COST OF GOODS OR SERVICES SOLD				
121.	BEGINNING INVENTORY		$ 5,600		16.07
521.	MERCHANDISE PURCHASED		20,261		58.14
550.	FREIGHT IN COSTS		194		.56
A.	GOODS OR SERVICES AVAILABLE		$ 26,055 *		74.76
121.	ENDING INVENTORY		4,400		12.63
598.	COST OF GOODS OR SERVICES SOLD			$ 21,655 *	62.14
599.	GROSS PROFIT FROM SALES			$ 13,195 *	37.86
600.	EXPENSES				
609.	PAID FAMILY LABOR		$ 100		.29
610.	SALARIES + WAGES		2,754		7.90
611.	PAYROLL TAXES		278		.80
612.	ADVERTISING		90		.26
613.	HEAT		102		.29
614.	ELECTRICITY		55		.16
616.	TELEPHONE		25		.07
617.	INSURANCE		128		.37
618.	INTEREST		153		.44
619.	REPAIR + MAINT. - LAND		20		.06
620.	REPAIR + MAINT. - BUILDINGS		136		.39
621.	REPAIR + MAINT. - EQUIP + FIXT		34		.10
624.	LEGAL + ACCOUNTING		42		.12
625.	PROPERTY TAXES		250		.72
635.	DEPR-BUILDINGS	$ 222			.64
636.	DEPR-EQUIP + FIXT	$ 129			.37
634.	DEPRECIATION TOTAL		351		1.01
639.	RENT		240		.69
650.	SUPPLIES		35		.10
698.	TOTAL EXPENSES + DEDUCTIONS			$ 4,793 *	13.75
699.	NET OPERATING PROFIT			$ 8,402 *	24.11
B.	OTHER BUSINESS INCOME				
481.	RENTAL INCOME			200	.57
397.	NET PROFIT			$ 8,602 *	24.68

C.	SUPPLEMENTARY MANAGEMENT INFORMATION	
D.	TOTAL HOURS OF LABOR REQUIRED	1,400
E.	TOTAL INVESTMENT REQUIRED	$ 11,589
F.	DEPARTMENTAL PROFIT PER WORKER UNIT	$ 12,003
G.	DEPARTMENTAL PROFIT PER $1000 INVESTED	$ 725
H.	DEPARTMENTAL PROFIT PER $100 OF TOTAL COST	$ 32
I.	PERCENTAGE OF NET PROFIT TO NET SALES	24.1

CURRICULUM: SMALL BUSINESS MANAGEMENT EDUCATION

A Preservice Workshop For Small Business Management Education Instructors

Project No. 498AH60199
Grant No. G007605299

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Division of Agricultural Education
University of Minnesota
St. Paul, Minnesota
May 1978

The project presented or reported herein was performed pursuant to a Grant from the U.S. Office of Education, Department of Health, Education and Welfare. However, the opinions expressed herein do not necessarily reflect the position or policy of the U.S. Office of Education, and no official endorsement by the U.S. Office of Education should be inferred.

Developed Pursuant to Grant No. G007605299
By the Division of Agricultural Education
In Cooperation with the Research Coordinating Unit,
Department of Vocational Education
University of Minnesota
St. Paul, MN 55108
Funded by the U.S. Office of Education under
Part C - Vocational Education Act of 1963 P.L. 88-210 as Amended
1977

Discrimination Prohibited -- Title VI of the Civil Rights Act of 1964 states: "No person in the United States, shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance." Therefore, the Vocational and Technical Education program, like all other programs or activities receiving financial assistance from the Department of Health, Education and Welfare, must be operated in compliance with this law.

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INTRODUCTION

Preservice training for small business management education instructors is essential for program success. Preservice training will include developing and organizing a continuing program of management education activities for small business entrepreneurs, coordinating community resources, determining needs, deriving goals and individual plans and procedures for growth in small business entrepreneurship. Students will also be involved with teaching methods for adults.

This curriculum was developed to meet four hours per day for ten days. The remainder of each day will be utilized for homework assignments. Students will incorporate all aspects of the Small Business Management Education Program in their learning activities. Examples of learning activities are; role playing, micro teaching, entry of business data into a double entry record book, and interpreting computerized analysis of a business.

The workshop curriculum includes all transparencies, and handouts needed to conduct the workshop. Instructions are provided as to the use of all transparencies and references. Class assignments and additional references are also provided.

TEACHER EDUCATOR COMPETENCIES REQUIRED TO INSTRUCT TWO WEEK SMALL BUSINESS MANAGEMENT EDUCATION INSTRUCTORS TRAINING WORKSHOP

It is essential for a teacher educator to have experience similar to that of an instructor for a small business management education program. The philosophical orientation of the teacher educator, however, must go far beyond a recognition of the need to teach the obvious. The teacher educator must understand the underlying causes of business failure as they relate to management education. He/she must understand what makes business tick!

The following list includes areas of competencies for the teacher educator. It would be desirable for a teacher educator to possess all [illegible] the competencies listed or to work at professional improvement in deficient areas.

1. Understanding of the philosophy of the Minnesota Small Business Management Education Model.
2. Understanding of the operation of a small business (as an owner operator).
3. Accounting (single and double entry).
4. Teaching methods for adults.
5. Preparation of business records for analysis.
6. Interpreting analysis of small businesses.

UNIT I

INTRODUCTION TO SMALL BUSINESS MANAGEMENT EDUCATION

Objective

At the end of this unit the student should be able to demonstrate through the development of a comprehensive plan for organization, his/her understanding of the philosophical concepts on which the Small Business Management Education Program is based.

A. Introduction of Class Members: Use transparency I-A, "Who Counts" to motivate students with the idea of trying a new, unique program. Read the statement as the students follow along in viewing it projected on the screen. Handout, Student Information Inventory, I-A-1.

1. Name
2. Current Position
3. Interest in SBM Education
4. Expectation for the Course

Student Activity: Fill out and discuss the Student Information Inventory handout I-A-1.

B. Review of Materials of Instruction

1. Instructors Manual, Volume I
2. Business Analysis, Volume II
3. Curriculum, Volume III
4. Small Business Management, White
5. Small Business Management, Broom-Longenecker
6. Account Book, Data-Rite double entry

C. Course Organization and Management

1. Time Schedule: 4 hours per day for 10 days. Depending upon class size, a thirty to fourty minute micro teaching experience should be provided for each class participant. This could be done as a team-teaching exercise with each individual or team responsible for the development of a unit of instruction. It should also be noted that due to the large amount of time required for homework assignments the class should be at least two weeks in length.

2. Course Description and Specific Objectives of the Course (I-C-2, CDI, SOI): Distribute copies of Appendix I-C-2 and utilize CDI and SOI in transparency form to discuss the description and objectives.

3. Course Outline: I-C-3, distribute and discuss, point out that because of time restraints, the course will not necessarily be in the sequence described in the outline.

4. Assignments: I-C-4, distribute and discuss specific assignments and expectations. Attention should be called to assignment #4 with reference to topic assignment. Topics appear as Appendix VI-B-2b, in Unit VI.

D. Pretesting: Transparency I-D, Goals of Education. Use to illustrate that economic efficiency is a goal of education. It is closely related to the goals of this course and can be evaluated.

1. Instructors and Instruction Evaluation: I-D-1 (a precourse assessment of the attitudes or position of potential teachers or leaders on a number of items which are hypothesized to be related to program success).

Student Activity: Complete "Instructors and Instruction Evaluation" I-D-1.

2. Norper Test on Profit Maximizing Principles for Small Business: Transparency I-D-2a (a pretest of the potential teachers understanding of the economic principles which operate within a business). Handout, "Economic Principles Definition" I-D-2b. Use I-D-2a in transparency form to discuss I-D-2b. These items introduce the "Norper Test ..." which the student will complete.

Student Activity: Complete "Norper Test on Profit Maximizing Principles for Small Business" I-D-2c (Key "Norper Test ..." I-D-2d, instructor should utilize this key to correct student performance on the "Norper Test ...").

3. Business Attitudinal Inventory: I-D-3 (a pretest to determine the potential teachers attitude toward education and risk taking). Useful in determining how the class thinks about these two important activities, may be used in modifying curriculum and practices to maximize the usefullness of the attitude structure students bring with them into class.

Student Activity: Complete, "Business Attitudinal Inventory," I-D-3. Read, Broom-Longenecker, Small Business Management, 4th Edition, Chapters 1, 2 and 6.

4. Note: Each of the pre-test instruments described in D-1, D-2 and D-3 can be assigned as in-class work or as take-home assignments, as time dictates. However, time should be allotted for class discussion of each instrument after students have completed it. A valuable addition to that discussion would be the development of a class average or profile on each instrument.

SMALL BUSINESS MANAGEMENT
SBM

DIVISION OF AGRICULTURAL EDUCATION
AND RESEARCH COORDINATING UNIT
130 Classroom Office Building
1994 Buford Ave.
University of Minnesota
St. Paul, Minnesota 55108
Tel:612-373-1020

Project Director: Edgar Persons

AN ADULT EDUCATIONAL PROGRAM

I-A-1

STUDENT INFORMATION INVENTORY
SMALL BUSINESS MANAGEMENT WORKSHOP IN PROGRAM DEVELOPMENT

1. NAME ______________________________

2. ADDRESS ______________________________

   ______________________________ Phone # ________

3. CURRENT POSITION ______________________________

4. SCHOOL ______________________________

5. ADDRESS ______________________________

   ______________________________ Phone # ________

6. Education background in business management, accounting, etc.

   ____

   ____

   ____

7. Prior experience in or with business as an owner-operator or employee.

   ____

   ____

   ____

8. Brief statement on what you expect to get from the workshop.

   ____

   ____

   ____

   ____

VoEd 5101 - CURRICULUM: SMALL BUSINESS MANAGEMENT EDUCATION

Course Description:

Developing and organizing a continuing program of management education activity for small business entrepreneurs; coordinating community resources, determining needs, deriving goals and individual plans and procedures for growth in small business entrepreneurship. (Transparency CDI)

Specific Objectives of the Course:

At the close of this course the student should be able: (Transparency SOI)

A. To demonstrate through the development of a comprehensive plan for organization, his/her understanding of the philosophical concepts on which the Small Business Management Education Program is based.

B. To demonstrate through problem solving, class simulation and role playing, his/her ability to plan, organize and conduct a suitable program of Small Business Management Education.

C. To demonstrate through simulation his/her understanding of the organization and content of the Small Business Management Education curriculum for adults.

D. Through simulation, to keep a business record and account suitable for business analysis.

E. Through simulation, to close a business account for analysis and complete the analysis of the business.

F. To demonstrate his/her understanding of the business by a narrative interpretation of the simulated business.

G. To compile a list of the resources available in the community and organize a plan for the utilization of those resources in conducting the Small Business Management Education Program.

H. To develop a management plan for operation of a Small Business Management Education Program.

I. To outline a plan for evaluation of the Small Business Management Education Program.

COURSE OUTLINE

VoEd 5101 - Curriculum: Small Business Management Education

I. Introduction

- a. Introduction of class members
- b. Review of course outline
- c. Review of materials of instruction
- d. Course organization and management
- e. Self evaluation of class members

II. Background of Small Business Management Program

- a. Philosophy of community education programs
- b. Development and history of farm management education - background for small business management
- c. Philosophy of small business management education
- d. Objectives of small business management at the community level
- e. Characteristics of the adult learner
- f. Role and responsibility of the instructor

III. Getting a Small Business Program Started

- a. Organizing community support and resources
- b. Organizing advisory councils or boards for small business management education
- c. Assessing needs, identifying clientele and securing enrollment

IV. Organizing a Record Keeping System

- a. The importance of small business records
- b. Determining the kinds of records to keep
- c. Setting up a record keeping system
- d. Working with a chart of accounts

V. Keeping Small Business Records

- a. How to keep small business records suitable for business analysis
- b. Checking accounts for accuracy
- c. Closing accounts for analysis
- d. Preparing analysis data form
- e. Analyzing small business records
- f. Interpretation of small business record analysis

VI. Classroom Instruction in Small Business Management

- a. Introduction to small business management curriculum

- b. Organization of curriculum materials
- c. The problem approach in teaching
- d. Practicum: Micro teaching curriculum units

VII. Individualized Instruction in Small Business Management

- a. Purpose of individual instruction
- b. Procedures for organizing and delivering individual instruction
- c. The business operators file
- d. Evaluation of individual instruction

VIII. Small Business Technology

- a. The role of technology instruction on business management education
- b. Sources of support - teachers - resource persons
- c. Agency and organization support

IX. A Management Plan for Teachers

- a. Elements of the management plan
- b. Constructing a management plan for program operation

X. Evaluating Management Education Programs

- a. Process and product evaluations
- b. Cost-benefit analysis

VoEd 5101

ASSIGNMENTS

1. Maintain a class record book complete with handout materials and lecture notes. This must be checked and okayed by instructor on final day of class.

2. Record the 12 months business transactions of the Brown Furniture Co. in a double entry bookkeeping system, Data-Rite. Income, disbursements, payroll and depreciation sections need to be completed with a beginning and ending balance sheet, and year end operating statement (P & L) prepared.

3. Complete computer data forms utilizing the business data from the Brown Furniture Company.

4. Develop a teaching outline for a SBM class and utilize it in a micro teaching activity.

5. Complete a needs assessment for your state or county.

6. Complete a 12 month management plan for the operation of a SBM program.

Reading Assignments

Broom-Longenecker/Fourth Edition, Small Business Management.

Session	I	-	Chapter	1,2,6
"	II	-	"	20
"	III	-	"	4,5
"	IV	-	"	20,21
"	V			
"	VI	-	"	3,13
"	VII	-	"	17,18
"	VIII	-	"	26,27,28,29
"	IX			
"	X			

ECONOMIC PRINCIPLES

DEFINITION

AN ECONOMIC PRINCIPLE IS A LAW HAVING WIDE APPLICATION TO THE ALLOCATION OF SCARCE MEANS OR RESOURCES TO OPTIMUM ALTERNATIVE ENDS OR USES.

1. DIMINISHING RETURNS
2. EQUIMARGINAL RETURN
3. OPPORTUNITY COST
4. FIXED - VARIABLE COST
5. RESOURCE SUBSTITUTION
6. TIME DECISIONS (COMPARISONS)
7. COMBINATION OF ENTERPRISES

WHO COUNTS?

"IT IS NOT THE CRITIC WHO COUNTS, OR HOW THE STRONG MAN STUMBLED AND FELL, OR WHETHER THE DOER OF DEEDS COULD HAVE DONE THEM BETTER. THE CREDIT BELONGS TO THE MAN WHO IS ACTUALLY IN THE ARENA, WHOSE FACE IS MARRED BY DUST AND SWEAT AND BLOOD, WHO STRIVES VALIANTLY, WHO ERRS AND COMES SHORT AGAIN AND AGAIN; WHO KNOWS THE GREAT ENTHUSIASM, THE GREAT DEVOTION, AND WHO SPENDS HIMSELF IN A WORTHY CAUSE, AND IF HE FAILS, AT LEAST FAILS WHILE DARING GREATLY SO THAT HE'LL NEVER BE WITH THOSE COLD AND TIMID SOULS WHO NEVER KNOW EITHER VICTORY OR DEFEAT."

TEDDY ROOSEVELT

COURSE DESCRIPTION

DEVELOPING AND ORGANIZING A CONTINUING PROGRAM OF MANAGEMENT EDUCATION ACTIVITY FOR SMALL BUSINESS ENTREPRENEURS; COORDINATING COMMUNTIY RESOURCES, DETERMINING NEEDS, DERIVING GOALS AND INDIVIDUAL PLANS AND PROCEDURES FOR GROWTH IN SMALL BUSINESS ENTREPRENEURSHIP.

SPECIFIC OBJECTIVES

AT THE CLOSE OF THIS COURSE THE STUDENT SHOULD BE ABLE:

A. TO DEMONSTRATE THROUGH THE DEVELOPMENT OF A COMPREHENSIVE PLAN FOR ORGANIZATION, HIS/HER UNDERSTANDING OF THE PHILOSOPHICAL CONCEPTS ON WHICH THE SBM PROGRAM IS BASED.

B. TO DEMONSTRATE THROUGH PROBLEM SOLVING, CLASS SIMULATION AND ROLE PLAYING, HIS/HER ABILITY TO PLAN, ORGANIZE AND CONDUCT A SUITABLE PROGRAM OF SBM EDUCATION.

C. TO DEMONSTRATE THROUGH SIMULATION, HIS/HER UNDERSTANDING OF THE ORGANIZATION AND CONTENT OF THE SBM CURRICULUM FOR ADULTS.

D. THROUGH SIMULATION, TO KEEP A BUSINESS RECORD AND ACCOUNT SUITABLE FOR BUSINESS ANALYSIS.

E. THROUGH SIMULATION, TO CLOSE A BUSINESS ACCOUNT FOR ANALYSIS AND COMPLETE THE ANALYSIS OF THE BUSINESS.

F. TO DEMONSTRATE HIS/HER UNDERSTANDING OF THE BUSINESS BY A NARRATIVE INTERPRETATION OF THE SIMULATED BUSINESS.

G. TO COMPILE A LIST OF THE RESOURCES AVAILABLE IN THE COMMUNITY AND ORGANIZE A PLAN FOR THE UTILIZATION OF THOSE RESOURCES IN CONDUCTING THE SBM PROGRAM.

H. TO DEVELOP A MANAGEMENT PLAN FOR OPERATION OF A SBM PROGRAM.

I. TO OUTLINE A PLAN FOR EVALUATION OF THE SBM PROGRAM.

GOALS OF EDUCATION*

1. ECONOMIC EFFICIENCY -- ACHIEVING THE MAXIMUM OUTPUT FOR A GIVEN SET OF INPUTS.

2. IMMEDIATE CONSUMPTION AND FUTURE CONSUMPTION -- THE ENJOYMENT OF THE PROCESS OF EDUCATION AND THE ABILITY TO ACHIEVE GREATER OR MORE VARIED ENJOYMENT IN THE FUTURE DUE TO ONE'S EDUCATION.

3. EQUITY -- THE REALIZATION OF A MORE SOCIALLY DESIRABLE DISTRIBUTION OF WEALTH.

4. SOCIALIZATION -- THE INCULCATION OF SOCIALLY DESIRABLE VALUES AND BEHAVIOR.

*ERNST W. STROMSDORFER, OHIO STATE UNIVERSITY, 1972

INSTRUCTOR AND INSTRUCTION EVALUATION

Note: Indicate your choice with a (✓) mark:
A - Very Important
B - Important
C - Some Value
D - Little/No Value

	A	B	C	D
1. The instructor should be well trained in techniques of education methods for this position (or expertise of business management).				
2. The instructor should have a college degree.				
3. The instructor should have had actual successful business experience in operating his own business.				
4. The instructor should have had broad experience in management capacity as an employee.				
5. The instructor should be an expert in business records.				
6. The instructor should have an interest in and appreciation of business records.				
7. The instructor should consider business records one of his top teaching priorities.				
8. The instructor should be a student as well as an instructor.				
9. The instructor should be involved in the community.				
10. The instructor should take an outspoken point of view on an issue.				
11. Instructor activities should include a strong emphasis on public relations.				
12. Frequent and regular sechedule meeting with Class Advisory Committee, Board Members and local Vocational Directors, should be held to advise of the progress & report any problems.				
13. The instructor should maintain the respect of his class.				
14. The instructor should be admired by his class by being a "buddy-buddy."				

	A	B	C	D
15. The instructor should seek student's evaluation of the instructor.				
16. Instructor should spend considerable time in preparing for class activities.				
17. Class members need an instructor they can appreciate.				
18. The instructor should seek direction and suggestions from the experiences of class members.				
19. Business and personal information regarding pupils should be kept in the strictest confidence.				
20. Class members who monopolize discussions should be restrained.				
21. Meetings should begin promptly and close on time.				
22. All meetings and appointments should be kept as scheduled.				
23. Class members should be contacted by telephone for changes in scheduled activities.				
24. The instructor should seek and receive supervisory evaluation.				
25. The instructor should seek student's evaluation of the instructor.				
26. The first year program is a pilot effort and should be representative of the business community.				
27. The first year program should be selective to provide for maximum instructional possibilities.				
28. A democratic philosophy of education is one which recognizes everyone may offer a suggestion that may be valid and of value.				
29. The instructor should provide for student evaluation of the program.				
30. Class members should get acquainted at the first session to insure desirable communication.				

	A	B	C	D
31. The class should have some organizational structure for developing instructional and group activities.				
32. Class members should be encouraged to suggest course content.				
33. The instructor should prepare teaching materials that will provide opportunities for learning experiences.				
34. Instructional preparation should allow flexibility to adjust to developing situations.				
35. Preparation is necessary for all phases of instruction, classroom, small group and individual.				
36. Instruction should be planned to prevent anyone, including the instructor - from monopolizing the discussion.				
37. Classes and other instructional activities should provide a variety of experiences.				
38. All assignments should be organized in such a manner for a concrete objective.				
39. The course organization should provide a climate for stimulating interest and activity.				
40. The instructor should provide reference resources for class members.				

I-D-2b
Handout

ECONOMIC PRINCIPLES

Definition

An economic principle is a law having wide application to the allocation of scarce means or resources to optimum alternative ends or uses.

1. Diminishing Returns

   The law of diminishing output - as a variable resource is added to fixed resources, marginal output declines immediately or after an initial stage of increasing marginal returns (physical).

2. Equimarginal Return

   The allocation of resources among several alternatives in such a way that the marginal returns are equal in all uses.

3. Opportunity Cost

   The cost of using a resource in one way is the return that would be obtained from using it in its most profitable alternative use.

4. Fixed - Variable Cost

   The determination of the optimum input of financial resources maximize profits when costs dependent on production level and those not dependent on production level are considered.

5. Resource Substitution

   The determination of the lowest cost of producing a given product when two or more resources can be used in varying amounts in substitution for one another.

6. Time Decisions (Comparisons)

   The consideration of the present value of income that will be forthcoming in future years.

7. Combination of Enterprises

   The selection of farm business enterprises in such a way as to maximize the return from the scarcest resource.

Norper Test on Profit Maximizing Principles
For Small Business[1]
Division of Agricultural Education

Directions: After reading the questions through thoroughly, indicate your answer by placing the corresponding letter in the space provided at left.

______ 1. The merchant is told he can obtain an increase in his total sales by spending an additional $50 per week in advertising. He thinks this would be good so he spends an additional $100 per week in advertising. Which of the following results is more likely to occur?

a. Weekly sales will be doubled.
b. Weekly sales will remain the same.
c. Weekly sales will increase, but not double.
d. Weekly sales will decrease.

______ 2. A wholesaler is able to sell 70 refrigerator units per week with his present staff and advertising campaign. By varying only one factor - the number of over-the-road salesmen - he will increase his sales. He can sell an additional 12 units by adding one salesman; adding a second salesman would increase sales by 6 more units; and a third salesman could be expected to increase sales by still two more units. If refrigerator units clear a profit above cost (not including sales costs) of $40 per unit and sales costs including salary are $200 per week per man, how many salesmen should be employed?

a. No additional salesman.
b. One salesman.
c. Two salesmen.
d. Three salesmen.

______ 3. Purchasing a larger peice of equipment in order to reduce the cost required to complete a particular operation is feasible if:

a. A savings in labor is less than the cost of owning the larger machine.
b. There is sufficient capital available.
c. The savings in labor is equal to the cost of owning the larger machine.
d. The value of labor saved is greater than the cost of owning the larger machine.

---

[1] Adapted from McCormick's Test of Profit Maximizing Principles.

______ 4. Up to digging time, a nurseryman has spent $400 in a shrub plot for labor, plants, chemicals and machine costs on his juniper shrub nursery. Competition from a local chain nursery has reduced the price he can expect to receive and a severe drought has reduced the number of harvestable shrubs. He has an anticipated price of $3.00/shrub and an anticipated yield of only 100 shrubs. Assuming that the crop of shrubs can be harvested and sold for a cost of $100, the nurseryman should:

a. Assume his loss of the crop and leave the shrubs in the field.
b. Harvest the shrub crop and sell through normal channels.
c. Sell the shrubs in the field to a wholesaler (buyer responsible for the harvest) for $150.
d. Offer a dig-your-own sale at $1.75/shrub.

______ 5. Assuming a businessperson with limited capital can get $4.00 return for each $1.00 invested in new display equipment, he should invest his limited capital in some other part of the business (in a new bookkeeping system, for example) if:

a. Net profit in the business will be increased.
b. Investments in a new bookkeeping system returns at least $4.00 for each $1.00 of added costs.
c. Investment in a new bookkeeping system returns more to net profit than investment in display equipment.
d. Investment in the new bookkeeping system increases sales, improves credit collections and adds to gross income.

______ 6. The U-Drive-It Auto Rental is considering expansion. The total costs and returns from adding cars to its operation has been calculated as follows:

Additional Cars	Cost of Each Added Auto	Total Return
0	$ 0	$40,000
1	3,000	48,000
2	3,000	54,000
3	3,000	59,000
4	3,000	63,500
5	3,000	66,400
6	3,000	67,000

How many autos should U-Drive-It add to get the highest net profit?

a. 2 autos
b. 3 autos
c. 4 autos
d. 5 autos
e. 6 autos

______ 7. Assume that 100# of fertilizer for your garden store can be produced by either 60# of ingredient A and 40# of ingredient B or 50# of ingredient A and 50# of ingredient C. What item(s) should you consider before making a decision to mix the fertilizer for your customer?

a. The price of A and B per pound.
b. The price of B and C per pound.
c. The market price of the mixed fertilizer.
d. The price of A, B and C per pound.

______ 8. Referring to fixed costs such as insurance and taxes, and variable costs such as utilities and maintenance as they relate to the business enterprise, which of the following costs must be paid by the owner even if no business is transacted?

a. Both variable and fixed costs.
b. Variable costs.
c. Fixed costs.
d. Neither variable nor fixed costs.

______ 9. If the last unit of a supply of a commodity gave as much want satisfaction as the first unit acquired, there should be no:

a. Demand
b. Need for a budget
c. Law of diminishing utility
d. Primary physical wants

______10.

	Return/$100 Investment			
Capital	Bonds	Buildings	Service Equip.	Display Equip.
1st $100	$106	$155	$158	$170
2nd $100	$106	$148	$143	$160
3rd $100	$106	$136	$139	$151
4th $100	$106	$115	$135	$140
5th $100	$106	$100	$130	$136

Based on the table above, a businessperson with $1,000 capital to invest in a hardware store should invest the most in:

a. Bonds
b. Buildings
c. Service equipment
d. Display equipment

______11. In analyzing the business, depreciation should be considered as:

a. A variable cost
b. A fixed cost
c. An opportunity cost
d. An operating cost

_____ 12. In the long run (usually 15-20 years), all costs encountered in operating a business become:

a. Variable costs
b. Fixed costs
c. Submarginal
d. Capital costs

_____ 13. With limited capital, a business operator would tend to invest available capital in:

a. Long-term building improvements
b. Quick turnover operations
c. New equipment
d. Labor-saving equipment

_____ 14. With a capital investment of $5,000 an owner-operator could install an automatic electrical system for controlling lighting, security, and intercom. It is estimated that this system would save approximately 300 hours of labor per year. In order for the owner-operator to make a sound decision on whether or not to invest in this system, which of the following would need to be considered?

a. The possible return on the $5,000 if invested elsewhere in the business.
b. Whether the labor saved could be profitably utilized elsewhere in the business.
c. The annual fixed and variable costs for operating and maintaining the new system.
d. All of the above.

_____ 15. A small tool manufacturer has an average fixed cost of $80/year for each machine in his plant. Assuming that the variable cost required to produce each marketable tool set remains the same, if the owner increases the annual output for each machine he will:

a. Lower the per unit cost of producing each tool set.
b. Increase the per unit cost of producing each tool set.
c. Not affect the per unit cost of producing each tool set.
d. Decrease the variable costs per tool set.

_____ 16. A supplementary business activity or department such as a storm window repair service in a lumber yard:

a. Compete with another department or activity but adds directly to the output of that department.
b. Competes with the other departments without adding to their productivity.
c. Adds directly to the productivity of another department.
d. Neither competes with nor adds to the production of another department, yet increases business income.

_____ 17. Whether or not a gravel pit operator should adopt a pit conserving plan requiring an immediate large outlay of capital in order to insure a higher income in five years will depend upon:

a. The present need for income.
b. The current rate of interest on borrowed money.
c. The potential for increasing his pit output.
d. All of the above.

_____ 18. When a businessperson increases the investment in buildings and equipment without increasing the volume of business, the cost per unit of sales:

a. Decreases
b. Increases
c. Remains the same
d. Varies with the size of the operation.

_____ 19.

	Return to Investment		
Capital	Hair Styling Equip.	Front Window Display	Beauty Aids/Supplies
1st $100	$158	$155	$170
2nd $100	$143	$148	$160
3rd $100	$139	$136	$151
4th $100	$135	$115	$140

Based on the table above, if a businessperson has $400 to invest in the present beauty salon business, how much should be invested in hair-styling equipment for maximum net income?

a. $100
b. $200
c. $300
d. $400

_____ 20. Competing departments are those which compete with one another for the use of a businesspersons resources. If one department is increased, the other departments decrease, therefore, all enterprises:

a. Become competitive at some point.
b. Never become completely competitive.
c. Become helpful to each other at some point.
d. Should be considered as separate business ventures.

_____ 21. A small sawmill operator has a 25 acre woodlot with a good stand of young trees, that have a high potential market value in 10 years. To insure optimum growth, a one-time capital investment of $20/acre is required to improve the woodlot. Which of the following kinds of operators should invest the necessary capital in this enterprise?

a. An elderly operator with ample capital.
b. A fairly young operator with ample capital.
c. An operator with other investments which will pay a 10% annual return.
d. A young operator with need for a quick return.

_____ 22. To secure maximum profit in his business through increased sales, the business owner should add sales personnel until the cost of the additional sales personnel is:

a. Greater than the net profit on increased sales.
b. Less than the net profit on increased sales.
c. Equal to the value of the net profit on increased sales.
d. One-half the value of the net profit on increased sales.

_____ 23. If one hour of machine accounting time will substitute for 1.2 hours of manual accounting of equal efficiency, and if machine accounting is available for $5.20/hour while manual accounting costs $4.00/hour, the business person who wishes to make the largest net income should:

a. Do 68% of his accounting by machine and 32% manually.
b. Use only machine accounting.
c. Use 20% machine accounting and 80% manual accounting.
d. Use only manual accounting.

_____ 24. A businessperson's profit will be greatest if each unit of land, labor and capital is used:

a. In such a manner that it will add most to gross business income.
b. On the departments or enterprises within the business in which the operator has the greatest interest or ability.
c. In a manner that will make the best use of his management ability.
d. In such a manner that it will maximize the net returns to his scarcest resource.

_____ 25. An innovative practice for increasing the business of a photography shop has been demonstrated in a similar nearby community. The practice should be adopted in your photography shop if:

a. It will improve the quality of your product.
b. It will increase the business volume of the store.
c. It will increase receipts more than expenses.
d. It will bring more customers to your shop.

_____ 26. For maximum net returns, a small manufacturer should substitute machinery for labor when:

a. The annual cost of machine use is equal to the cost of the labor saved.
b. The value of the labor saved is more than the annual cost of machine use.
c. There is a limited supply of labor.
d. The added machines will increase labor efficiency.

_____ 27. It is profitable to borrow money to expand a business when:

a. Returns are more than the cost of borrowing money.
b. Money can be secured at a low interest rate.
c. The efficiency of the business will be improved.
d. The borrowed money will increase the volume of business.

_____ 28. Assuming that a businessperson is managing a business completely, the last dollar spent on a factor of production such as labor, machinery, management assistance, etc., will yield a marginal or added return:

a. Greater than the last dollar earned from all other factors of the business.
b. Exactly equal to the last dollar earned from all other factors of the business.
c. Less than the last dollar earned from all other factors of the business.
d. At least twice as large as the last dollar earned from all other factors of the business.

_____ 29. As the supply of goods and services becomes less readily available on the open market, we can expect:

a. Prices to become fixed.
b. No change in price at all.
c. An increase in price.
d. A decline in price.

_____ 30. The social function of the business firm is to:

a. Organize the factors of production.
b. Supply labor.
c. Secure an equitable distribution of goods.
d. Make a profit.

_____ 31. To be successful, every producer of a good must attempt to:

a. Adjust to demand.
b. Eliminate competition.
c. Raise salaries.
d. Reduce wants.

_____ 32. Other things being equal, an increase in the price of a good will increase its:

a. Supply
b. Demand
c. Mark-up
d. Utility.

_____ 33. Combining departments within the business to reduce uncertainty is advantageous, particularly for:

a. The beginning businessperson with ample capital.
b. An owner-operator with unlimited capital.
c. An owner-operator with limited capital.
d. The businessperson who fails to show a continuous profit.

_____ 34. For a society to be prosperous, an ample supply of economic goods must:

a. Be fairly distributed.
b. Be hoarded.
c. Be sold at a profit.
d. Have value.

_____ 35. By diversifying enterprises within the business rather than specializing in one major enterprise, the owner-operator will:

a. Reduce risk and uncertainty.
b. Decrease annual labor efficiency.
c. Facilitate the use of more labor-saving devices.
d. Concentrate sales knowledge.

_____ 36. The principle of diminishing utility helps to explain:

a. The law of supply.
b. The law of demand.
c. Variable costs.
d. Fixed costs.

_____ 37. Bigness is least likely to be an advantages in a business in which:

a. Fixed costs are greater than variable costs.
b. There are many by-products to be utilized.
c. Men can be replace by machines.
d. Additional machines do not reduce unit costs.

_____ 38. Which of these are always brought together in a market?

a. Consumers and producers.
b. Debtors and creditors.
c. Buyers and sellers.
d. Middlemen and original producers.

_____ 39. The point at which fixed and variable costs of operating a business are equaled by the gross sales volume may be referred to as:

a. Marginal return point.
b. Marginal sales point.
c. Break-even point.
d. Fixed-variable return point.

_____ 40. Bick's Body Shop invested $800 in additional labor from which they received a marginal return of $200. They could have invested in advertising which would have yielded a marginal return of $400 or in new equipment which would have yielded a marginal return of $300. What was the opportunity cost of investing the $800 in labor?

a. $800
b. $1000
c. $1100
d. $1200

KEY

Norper Test on Profit Maximizing Principles for Small Business

		Economic Principle
1.	C	Diminishing Returns
2.	C	Diminishing Returns
3.	D	Resource Substitution
4.	B	Fixed-Variable Cost
5.	C	Opportunity Cost
6.	C	Diminishing Returns
7.	D	Resource Substitution
8.	C	Fixed-Variable Cost
9.	C	Diminishing Returns
10.	D	Equimarginal Return/Opportunity Cost
11.	B	Fixed-Variable Cost
12.	A	Fixed-Variable Cost
13.	B	Opportunity Cost
14.	D	Resource Substitution
15.	A	Fixed-Variable Cost
16.	C	Combination of Enterprises
17.	D	Time Decisions (Comparisons)
18.	B	Fixed-Variable Cost
19.	A	Equimarginal Return
20.	A	Combination of Enterprises
21.	B	Time Decisions (Coparisons)
22.	C	Diminishing Returns
23.	D	Resource Substitution
24.	D	Equimarginal Return
25.	C	Opportunity Cost
26.	B	Resource Substitution
27.	A	Opportunity Cost
28.	C	Equimarginal Return
29.	C	Supply and Demand
30.	D	
31.	A	Supply and Demand
32.	A	Supply and Demand
33.	C	Combination of Enterprises
34.	C	Supply and Demand
35.	A	Combination of Enterprises/ Equimarginal Return
36.	B	Diminishing Returns
37.	D	Fixed-Variable Cost
38.	C	Supply and Demand
39.	C	Fixed-Variable Cost
40.	D	Opportunity Cost

BUSINESS ATTITUDINAL INVENTORY
INSTRUCTIONS

Please read each statement carefully. Uisng the scale that follows each statement, place a check (✓) in the column that best reflects your attitude concerning what is being expressed. Be sure to answer all items, keeping in mind there are no "right" or "wrong" answers. This is an attitudinal measurement, not a test.

EXAMPLE

	SA	A	U	SD	D
1. Profits are necessary to a business enterprise.	✓				
2. Business exists with the philosophy that: "the customer is always right."		✓			

Explanation: SA - Strongly Agree
A - Agree
U - Undecided
SD - Strongly Disagree
D - Disagree

	SA	A	U	SD	D
1. To be successful in business, education is a necessity.					
2. An individual goes into business for himself to make money, not as an incentive to better the business world.					
3. I am in favor of governmental intervention in business operations.					
4. Today's education is meeting the needs of students.					
5. Most local school systems are adequately administered.					
6. The goal of education should be to teach to the individual needs of the students.					
7. Quality education should be free to all who want it.					
8. The life style adopted by an individual depends entirely upon how much education h/she has acquired.					
9. More adult education should be provided for owners of small businesses.					
10. Entrepreneurial talent has nothing to do with the success of managing a small business.					
11. The more education a man has, the better he is able to enjoy life.					
12. I am very satisfied with the schools in my community.					
13. Consolidation is a good idea because larger schools offer a greater variety of subjects.					
14. The buildings in our local school system are in need of improvement.					
15. Tax money should be used to pay the tuition for college students who cannot afford to go to college otherwise.					
16. The costs of higher education should be paid by students according to the ability of the student and his family to pay.					

	SA	A	U	SD	D
17. Education goals should be determined by children's interests.					
18. Consolidation is a poor idea because classes get too large - less personal attention.					
19. I respect a man with a college education.					
20. A college education for a businessman costs more than it is worth.					
21. Teachers are definitely underpaid.					
22. School training is of little help in facing the real problems in life.					
23. Consolidation is a poor idea because small schools provide better education.					
24. High schools should concentrate on preparing people for college.					
25. Good adult business classes are worth many days, weeks, or years of actual business experience.					
26. Parents should be willing to let their children go into debt for more education.					
27. Education should be compulsory through 14 grades.					
28. Federal aid to education should be avoided.					
29. Public school teachers are the most important people in the community.					
30. I wish I could have learned more about math and science when I went to school.					
31. Young people are getting too much education.					
32. I wish I could have gone to school for more years than I did.					
33. Our schools encourage an individual to think for himself.					

	SA	A	U	SD	D
34. The most important part of a person's education should be obtained through hard work at many tasks in the business.					
35. An owner can get all the information he needs from business publications.					
36. Parents should be willing to go into debt so their children could have more education.					
37. Bigger schools have better teachers and books and more money to keep up with the recent trends in education.					
38. Not finishing high school is a great handicap.					
39. Consolidation is a good idea because it is more economical - better facilities at less cost.					
40. Consolidation is a good idea because larger schools attract better teachers.					
41. Young managers should have a goal of owning their own business some day.					
42. Bankers are interested in receiving the highest possible interest rates regardless of the effect on business owners.					
43. I like to try new sales promotion ideas.					
44. Betting only on good chances is generally a good policy.					
45. You have to work year 'round in business in order to succeed.					
46. New ideas in business have to be tempered with the old.					
47. The business owner is more likely to enjoy his work than are most other workers.					
48. It takes more management ability to operate a retail business in the city than in the rural areas.					
49. Credit should be used as a part of the operating funds in the business.					

	SA	A	U	SD	D
50. A lot of ambition could offset the need to use borrowed money in business.					
51. A businessman needs to specialize to stay in business.					
52. Using credit releases cash that can be spent on other things.					
53. I find it best not to be the first to try a new business method.					
54. Prices should be left free without controls.					
55. There is not enough research in business.					
56. Operators of a business who do not use new ideas do not stay in business very long.					
57. Owners of small businesses have had too little advertising of their products, thus causing low incomes.					
58. Borrowing puts an owner at the mercy of the lender.					
59. Owners should plan the next year's operation at least a year ahead of time.					
60. A business owner should be conservative about spending.					
61. An owner should be aggressive and not always bet on a sure thing.					
62. Business decisions should be based mostly on experience.					
63. A good businessman should not be in debt.					
64. The less government in business activities, the better.					
65. An ideal business is one on which all the work can be done by the owner and his family.					
66. Once out of debt an owner should try to stay out.					
67. Being your own boss is the best part of owning your own business.					
68. Good hard work and lots of it is the only way to be a successful businessman.					

	SA	A	U	SD	D
70. Operating a business cannot be done without records.					
71. Most articles in business magazines are impractical.					
72. The business is the foundation of the family.					
73. The owner should use some of their savings to expand their operation.					
74. Owners should be careful about using new methods and products until they have seen them work in other businesses.					
75. I think I am among the first to adopt a new business practice.					
76. The government should help beginning business to get started.					
77. The most successful business man is one who is the best leader in the community.					
78. Market prices being set by private marketing organizations have caused low incomes.					
79. The most successful businessman is one who has interests and rewards that do not depend on income.					
80. Business management education helps the owner to do a better job.					
81. Instead of depending on savings an owner should use credit in expanding and operating his business.					

UNIT II

BACKGROUND OF SMALL BUSINESS MANAGEMENT PROGRAM

Objective

At the end of Unit II, the student should be able to demonstrate through problem solving, class simulation and role playing, his/her ability to plan, organize and conduct a suitable program of small business management education.

A. Philosophy of Community Education Programs: Use transparency II-A to illustrate the most appropriate educational setting for a small business management program.

1. Opportunities for all.
2. Enter mainstream of community rather than position of isolation.
3. Role not restricted to preparation for futher education at college or post secondary level.
4. Uses facilities to their maximum.
5. Partnership with people.
6. Utilizes the experiences of others.
7. Keeps education practical.

B. History of Program Development

1. Development and History of Farm Management Program. Transparency II-B-1a, student handout, "A Brief Historical Review of the Development and Growth of the Management Education Program for Farmers and Ranchers," II-B-1b. This handout should be used to establish the long-term success of the base program in farm management.

2. Definitions: Program Definitions of Small Business and Farm Business Management - Adult Programs, II-B-2. Use this handout to illustrate the similarity of the two management programs.

3. Steps in the Process of Developing the Small Business Management Education Program. Instructor Note: Detailed background for this section can be found in Volume IV, Final Report, Chapters I, II and IV.

   a. Securing support for the program.
   b. Developing curriculum.
      1) Basis for curriculum decisions.
      2) Basis for curriculum revisions.

4. Operation of Pilot Programs.

5. Development of Business Records and Analysis Systems.

C. Philosophy of Small Business Management Program: Use transparency II-C to establish the clientele group definition for the program.

1. Recognition of what management education is: Based on definition of management.

Student Activity: Write a definition of management - exchange definitions and modify. Collect on the chalkboard and discuss. Use transparency II-C-1 to summarize the discussion.

2. The key to the program is the adherance to the idea that the goals of the business operator and family are the things that guide the direction of instruction for each family.

3. State of philosophy. Student handout, "This I Believe," II-C-3.

4. Program is based on what we know about adult learning.

    a. Adults can and want to learn. Transparency II-C-4 contains points derived from concensus opinion of individuals experienced in adult instruction.
    b. Adults establish priorities for the things they will learn. Transparency II-C-4a.
    c. We know certain characteristics of adults that make education easier. Handout, "Characteristics of the Adult Learner" II-C-4b. Use this handout to direct a brief discussion of the points listed by NAPSE.

5. Adults accepts ideas in steps - our job is to speed up the process. Transparency II-C-5a and II-C-5b. These two transparencies are linked closely in discussing the knowledge diffusion process. It should be pointed out the students will primarily come from groups 2, 3 and 4 as shown on II-C-5b.

6. Ideas are though to spread from person to person in a regular flow.

    a. Distribution between adoption groups is not uniform-fewer innovators than laggards.
    b. Education should probably aim at the top middle groups to be the most effective.

Student Activity: How does an idea spread? Elicit what they would consider to be a new business idea in a community they are familiar with. Have them try to chart out how that idea became an adopted practice?

D. What are Program Objectives at the Local Leve? Transparency II-D

1. Economic & business principles
2. Decision making
3. Adaptation to change
4. Business technology
5. Management skills
6. Use of auxillary services
7. Community interest

E. Role and Responsibility of Instructors

1. Role: Transparency II-E-1, use after the Student Activity.

2. Responsibility: Transparency II-E-2, use after the Student Activity.

Student Activity: Write a job description for a SBM instructor that encompasses both a statement of qualifications and one of responsibilities. Read, Broom-Longenecker, Small Business Management, 4th Edition, Chapter 20.

Handouts: "Job Description, Qualifications and Suggested Requirements for Certification of Small Business Management Education Instructors & Small Business Management Coordinators," and "Uniqueness of the Management Instructor," II-E-2b.

The first handout is not included as part of the appendices, but can be located in materials packaged with this course outline.

PHILOSOPHY OF COMMUNITY EDUCATION PROGRAMS

THE COMMUNITY SCHOOL PHILOSOPHY INSISTS THAT PUBLIC SCHOOLS SERVING A COMMUNITY MUST PROVIDE EDUCATIONAL OPPORTUNITIES FOR ALL THE PEOPLE IN THE PATRONAGE AREA. THIS INCLUDES THOSE THAT WILL REMAIN IN THE COMMUNITY AS WELL AS THOSE THAT WILL EMIGRATE--ADULTS AS WELL AS YOUTH: BUSINESS PEOPLE, FARM PEOPLE AS WELL AS TOWNSPEOPLE. IT MEANS THAT THE SCHOOL MUST ENTER INTO THE MAINSTREAM OF COMMUNITY LIFE RATHER THAN ASSUME A POSITION OF ISOLATION SERVING ONLY THOSE WHO ARE "REGULARLY ENROLLED" AND PREPARING FOR FURTHER EDUCATION IN AN INSTITUTION OF HIGH LEARNING.

THE COMMUNITY SCHOOL WILL NEVER BE IN JEOPARDY OF BECOMING AN ISOLATED OUTPOST OF "CULTURE" WHERE THE CHOSEN FEW ARE PREPARED FOR SEPARATION FROM THE COMMUNITY. A COMMUNITY SCHOOL DOES NOT LOCK ITS DOORS AT FOUR IN THE AFTERNOON TO PREVENT WEAR AND TEAR ON THE GYMNASIUM FLOOR AND TO KEEP PEOPLE FROM DISTURBING THE LIBRARY. THE COMMUNITY SCHOOL ENTERS THE MAIN STREAM OF COMMUNITY LIFE IN PARTNERSHIP WITH ALL THE PEOPLE OF THE COMMUNITY AND BECOMES A SCHOOL WHERE "ANY PERSON CAN FIND INSTRUCTION IN ANY SUBJECT."

THE COMMUNITY SCHOOL ACCEPTS AND PRACTICES THE PRECEPT THAT "AS A MAN THINKETH, SO IS HE" AND THAT THEREFORE ATTITUDES MUST BE DEVELOPED BEFORE KNOWLEDGE CAN PRODUCE DESIRED CHANGES IN BEHAVIOR. TEACHING PROCEDURE IS BASED ON THE FACT THAT THINGS HAVE MEANING ONLY INSOFAR AS THEY INTEGRATE WITH PAST EXPERIENCE. IN PRACTICE THIS MEANS THAT INSTRUCTION IS ROOTED IN LEARNING ACTIVITIES WHICH ARE REAL AND CURRENT TO THE STUDENTS.

DEVELOPMENT AND HISTORY OF FARM MANAGEMENT EDUCATION
BACKGROUND FOR SMALL BUSINESS MANAGEMENT

A HIGHLY SUCCESSFUL PROGRAM IN FARM MANAGEMENT EDUCATION FOR ADULTS PIONEERED AND DISSEMINATED BY THE AGRICULTURAL EDUCATION DIVISION OF THE UNIVERSITY OF MINNESOTA HAS BEEN IN EXISTENCE SINCE 1952. CURRENTLY OPERATING IN MINNESOTA AND ELEVEN OTHER STATES, THE FARM MANAGEMENT EDUCATION PROGRAM COMBINES CLASSROOM INSTRUCTION WITH SMALL GROUP AND ON-FARM INDIVIDUALIZED INSTRUCTION.

ACCURATE FARM AND HOME RECORDKEEPING IS INCORPORATED AT ALL LEVELS OF INSTRUCTION. WHEN APPLIED TO MANAGEMENT PRINCIPLES DURING INDIVIDUAL VISITS TO THE STUDENT'S FARM THEY CONTRIBUTE TO THE STUDENT'S THOROUGH UNDERSTANDING OF HIS BUSINESS.

OPERATING UNDER THE SAME SHORT AND LONG RANGE OBJECTIVES, THE SMALL BUSINESS MANAGEMENT COURSE OF STUDY IS DEVELOPED FOR ENTREPRENEURS THAT PARALLELS THE PURPOSES AND OBJECTIVES FOR FARM MANAGEMENT TRAINING.

A BRIEF HISTORICAL REVIEW OF THE DEVELOPMENT AND GROWTH OF THE MANAGEMENT EDUCATION PROGRAM FOR FARMERS AND RANCHERS

There is no recorded history of the growth and development of the Minnesota Farm Management Education program, although such a document is now in progress. In lieu of a more formal document, this brief resume of development will serve to provide a chronology of progress and growth.

Farm Management Education had its roots in the educational program which emanated from the war adjustment acts of 1944-46 and the implementation of institutional on-farm training for veterans of W.W.II. In Minnesota the state leaders developed a format for educational delivery that proved to be extremely effective. Instruction combined large group, small group and individualized instruction. Not only was the instruction organized to optimize effectiveness by imposing rules on class size and homogeneity of student goals, but it incorporated the use of a uniform business accounting system for all veterans.

Somtime prior to the implementation of the I.O.F.T. Program the Department of Agricultural Economics devised a system of comprehensive farm record analysis. This system gave the opportunity to examine the business in detail with the intent that the farmer could detect the strong and weak parts of the business and could effect changes in his business to maximize his profit.

Since the veteran students were all required to keep farm accounts and since there was a system of analysis available, a number of enterprising teachers combined the systems to provide a business analysis for their students. The first accounts were analyzed by the Department of Agricultural Economics as a special service for the veteran teachers.

Because this innovative approach to adult education in the federally subsidized farm training program appeared to have tremendous potential for regular adult education in the public school vocational agricultural programs, Dr. Milo Peterson, Head of the Department of Agricultural Education, elected to demonstrate how it could be used in adult education programs with volunteer adult education students. In 1952 he secured a substantial grant from the Hill Foundation to asist in program development and demonstration. Lauren Granger was employed to develop and test the system, using the work done in Agricultural Economics as a basis for the business analysis system.

When the program had been in the trial phase for only two years the Minnesota State Department of Education recognized the value of the farm management approach to adult education and determined that the program would develop more rapidly and be more effective if there was a good system of coordination. Eventually the state was divided into eight coordination areas, each assigned an agricultural area coordinator with responsibilities for development and promotion of farm management education and for coordination of general vocational agriculture at the high school and post secondary levels.

The University of Minnesota continued to promote the program through both undergraduate and graduate education. In 1964 a staff member was added and gradually given the responsibility for program development and the training of undergraduates and graduates in the philosophy and operation of a farm management education program.

Progress in the program can be measured by the number of former students who submitted their business records for analysis. The chart which follows shows the growth in the program in Minnesota.

Minnesota Vo-Ag Farm Management Education

	1961-2	1967-8	1972-3	1973-4	1974-5
Total Number of Vo-Ag Instructors	287	277	269	269	270
Full Time Equivalent Adult Veterans Teachers	39	70	133	187	206
Number of Records Analyzed	450	1560	3700	4700	5700

It should be noted that there are at present approximately 57,000 commercial farms in Minnesota in economic classes I-IV (farms which gross $10,000 or more). Thus the farm management program is providing a business analysis for about 10% of the commercial farm population. The number of farmers reached is actually higher than the number of records analyzed since there are some farmers enrolled who do not complete an analysis (approximately 10% of the enrollment) and another sizable group who are partners in the business where a single analysis serves more than one family. It can be documented that for every 1,000 farm analysis completed, about 1,150 farmers are represented through partnership or multiple operator organization.

The process of record analysis has undergone constant change. The first major revision in procedure was in 1965 when the first set of records were analyzed via computer. In 1967 the format of the analysis was revised to incorporate new analysis procedures made possible by the introduction of computer processing. Since then, some revisions have been made each year. The introduction of a national invitational farm management education conference in 1973 has provided the medium for exchange of ideas among the teachers in those states which have adopted the Minnesota approach to adult education in agriculture. At the 1975 conference hosted in Seattle by the Washington farm management group, the following states were represented: Minnesota, North Dakota, South Dakota, Nebraska, Washington, Oregon, Alaska, Oklahoma and Texas. The states of Iowa, Wisconsin and Connecticut where isolated programs are in operation did not send representatives.

How has the program been disseminated and what has been the result? Program dissemination has been largely based on the initiative of state leaders who, upon examining the results of the programs in operation, have determined that it is a viable alternative for serving their own rural clientele. The University of Minnesota has provided the opportunities for short term internships for interested teachers as well as in-service training of larger cadres of prospective management instructors. Through short intensive workshops most of the participating states have had an opportunity to get an initial start in the development of their own statewide system of management education.

In addition, the program has been backed by the investment of a considerable research thrust in both program development and program evaluation. It is estimated that about a million dollars have been expended by institutions and individuals in Minnesota alone in the research thrust related to management education. In addition there has been in recent years an investment of about 2.5 million dollars annually in program support at the state level and an additional support of one million at the local level. The combined investment in both research and program support, while to the layman a sizeable sum, has been more than repaid by the increase in business activity generated by the management program. In fact in Minnesota, the additional tax revenue which is generated by the increased earnings of farm families enrolled can be shown to almost repay the entire cost of both local and state program support annually. In a very real sense, the old adage that "education doesn't cost, it pays" can be demonstrated in hard dollar and cents facts.

As alluded to earlier, the management program for farmers has spread to other states. Since all states use the same curriculum materials, the same business analysis format and the same record service center for analysis, there is considerable savings of public moneys through simple economics of size and the principle of spreading fixed costs. The chronology of the spread to other states at this point is not well documented, but only approximate.

Initiated in Washington	1966
Initiated in Nebraska	1969
Initiated in North Dakota	1970
Initiated in South Dakota	1968
Initiated in Oregon	1970
Initiated in Wisconsin	1972
Initiated in Oklahoma	1975

The dates of initiation in Alaska, Connecticut and Idaho are uncertain.

It is obvious that programs have grown more rapidly in some states than in others. The differential in growth can be attributed in large part to the assistance that state leadership has provided in organizing training sessions for prospective teachers and in providing some form of state-wide coordination of the developmental efforts. The second most important element has been the support provided by local administrators to the development of the program within their own school area. Without the strong support of both the state and local educational agencies, the program has a more difficult task in reaching the objectives of providing education to farm families that will raise the level of rural living and improve the stability of modern agriculture.

II-B-2
Handout

PROGRAM DEFINITION

SMALL BUSINESS MANAGEMENT - ADULT

Definition: Planned learning activities which are concerned with small business resource analysis, accounting, production, manufacturing, financing, resource acquisition, purchasing, business inputs, efficiency ratios and measure, contracts, business marketing and maintenance. The results of these learning activities are applied to formulating decisions involved in managing a small business based on business and family goals and objectives.

FARM BUSINESS MANAGEMENT - ADULT

Definition: Planned learning activities which are concerned with farm resource analysis, accounting, production, financing, resource acquisition, purchasing, farm inputs, performance records, contracts, farm marketing and maintenance. The results of these learning activities are applied to formulating decisions involved in managing a farm or ranch operation based on farm and family goals and objectives.

THE ENTREPRENEUR

"THE ENTREPRENEUR, TYPICALLY, CANNOT ACCEPT WITHOUT RESERVATION THE LEADERSHIP OF OTHERS. HE CANNOT LIVE WITHIN A FRAMEWORK OF OCCUPATIONAL BEHAVIOR SET BY OTHERS. HE MUST, IN THE END, SEEK ANOTHER WAY. IT IS THIS SEEKING OF ANOTHER WAY THAT, IN THE MOST FUNDAMENTAL SENSE MAKE AN INDEPENDENT ENTREPRENEUR OF HIM." ... COLLINS AND MOORE, AS FOUND IN THE 4TH EDITION OF SMALL BUSINESS MANAGEMENT, BROOM AND LONGENECKER, P. 56.

DEFINITION AND PHILOSOPHY OF SMALL BUSINESS MANAGEMENT

SMALL BUSINESS MANAGEMENT IS THE APPLICATION OF BUSINESS TECHNIQUES AND ECONOMIC PRINCIPLES TO THE ORGANIZATION AND OPERATION OF A BUSINESS SO AS TO SECURE THE MAXIMUM CONTINUOUS PROFIT. CONSISTANT WITH BUSINESS AND FAMILY GOALS.

A SMALL BUSINESS MANAGEMENT EDUCATIONAL PROGRAM STRONGLY ADHERES TO UTILIZING THE FAMILY RESOURCES OF LAND, LABOR, CAPITAL AND MANAGEMENT IN ORDER TO ESTABLISH VARIOUS BUSINESS GOALS THAT WILL BE CONGRUENT WITH THOSE ESTABLISHED BY THE FAMILY.

II-C-3
Handout

THIS I BELIEVE

The basic unit of adult education in business is management.

Around it all other instruction revolves.

Adult business education is geared to serve all adult business people;

Thus there is a need for the varied nature of the courses offered.

Adult education is based upon the real needs of the participants.

These needs are determined by examining community surveys, census data, interviews with participants and the felt and projected needs identified by the students and their instructors.

ADULTS CAN AND WANT TO LEARN

1. ADULTS HAVE MORE CONTROL OVER WHAT THEY DO.

2. ADULTS ARE CAPABLE OF CONSIDERING BROAD, COMPLEX PROBLEMS.

3. ADULTS ARE CAPABLE OF MORE SELF-DIRECTION IN THEIR CONSIDERATION OF PROBLEMS.

4. ADULTS REQUIRE LESS MOTIVATION FOR THE TEACHER.

5. ADULTS ASSUME MORE RESPONSIBILITY FOR THE EXTENT TO WHICH CONCLUSIONS ARRIVED AT IN CLASS MEETINGS ARE PUT INTO PRACTICE.

6. ADULTS ASSUME MORE RESPONSIBILITY FOR THE SOUNDNESS OF THE CONCLUSIONS DRAWN AT THE END OF THE CONSIDERATION OF A PARTICULAR PROBLEM.

7. ADULTS PROVIDE A MUCH RICHER SOURCE OF INFORMATION AND KNOWLEDGE ABOUT BUSINESS WITHIN THEIR OWN GROUP.

8. COURSES FOR ADULTS ARE USUALLY PUBLICIZED IN TERMS OF SPECIFIC COURSE TITLES.

PRIORITIES FOR ADULT LEARNING

1. TASKS WHICH OCCUPATIONAL EMPLOYMENT DEMANDS.

2. HIGH INTEREST.

3. MORAL RESPONSIBILITY.

4. MORE PROFICIENT IN HIS OCCUPATIONAL ENTERPRISE.

5. HIGHER UNDERSTANDINGS.

CHARACTERISTICS OF THE ADULT LEARNER

The adult learner, including the educationally disadvantaged learner, is a person of worth and is entitled to the opportunity of establishing that worth, and developing to the fullest his individual capabilities. He or she is an adult, not a grown up child, and must be treated as an adult. When working with adult learners, one should remember that intelligence does not decline with age. The learning process is continual.

The educator also needs to be aware of the unique characteristics of adult learners that influence his learning. The summary that follows, developed by the National Association for Public School Adult Educators, provides some of the major distinctive characteristics among adult learners in general and educationally disadvantaged adult students. All characteristics do not apply to all students. However, some do; and the conscientious adult educator will be aware of and compensate for those that are applicable.

The following are some of the characteristics of the adult learner in general:

1. He tends to be more rigid in his thinking. He has acquired a set pattern of behavior, and has set ideas of what is right and wrong, fact and fiction. This pattern has to be "unset" in order for learning to take place.

2. He usually requires a longer time to perform learning tasks. While the adult's capacity to learn may have remained essentially unchanged, the older he becomes, the slower his reaction time, and the less efficient are those senses on which learning depends -- sight and hearing.

3. He is more impatient in the pursuit of learning objectives. He is also less tolerant of work which does not have immediate and direct application to his objectives. He is impatient with long discourses on theory and wants practical application.

4. He requires more and better light for study tasks. This is particularly true for those over 35 years.

5. The older adult has restricted powers of adjustment to external temperature changes and to distortions. He requires a more constant and comfortable environment in order to work effectively.

6. He has greater difficulty remembering isolated facts, although his comprehension of difficult reading material shows little or no change from childhood.

7. He suffers more from being deprived of success than does the young learner and is motivated more by the usefulness of the material to be learned.

8. He has more compelling responsibilities which compete with education for his time.

9. He is not a captive audience. He attends voluntarily, and if interest is lacking, he is inclined to stop attending.

10. He is used to being treated as a mature person and resents having teachers talk down to him.

11. Adult student groups tend to be more heterogeneous than classes of young people. Adult students are likely to come from a wider variety of backgrounds, and have a greater range of intelligence levels, than a youth class.

12. Adults are sometimes fatigued when they attend class, which is often after a day's work or household responsibilities.

For the most part, the educationally disadvantaged learner shares the same characteristics as the general adult learner. But he also has special handicaps that further inhibit his learning process. These have also been summarized by NAPSAE as follows:

1. Lack of self confidence. Because disadvantaged adults have rarely experienced success either as children in school or in their work, or social life since leaving school, they often feel inadequate, unable to learn and compete.

2. Fear of school. The fear usually stems from a student's past experience with school. Associated with fear of school is the fear of being taught information incompatible with what has been taught at home, fear of public exposure of failure, fear of being tested.

3. Living in conditions of economic poverty. There is a high correlation between level of education and level of income -- the less educated having the lower income. Disadvantaged students may be living in extremely crowded conditions with neither space nor quiet for outside reading. Poor nutrition may be the cause of student apathy, short attention span and sleepiness in class. Poverty also means that students in ABE classes may have other physical handicaps that impair learning, such as poor vision or hearing which they cannot afford to correct.

4. Probably below average in scholastic aptitude. While many undereducated adults have average ability, and some have superior ability, more seem to be below average for academic learning.

5. Values, attitudes and goals differ from upper and middle class norms. More likely than not, undereducated adults have a value system different from that of adults of the upper and middle classes. They frequently show indifference or even hostility toward social institutions. Their goals for their children rarely include college -- but nearly always include getting a job.

6. Weak motivation. Because they have failed to achieve the recognized American values of success, efficiency, practicality, work, equality, and freedom, the undereducated adults are easily discouraged, and frequently exhibit an attitude of almost complete resignation.

7. Unusually sensitive to nonverbal forms of communication. A limited vocabulary and limited skill in articulation forces most undereducated adults to communicate extensively on the nonverbal level. They are extremely sensitive to nonverbal clues, and tend to judge more by action than words.

8. Feeling of helplessness. When an adult student doubts his ability to learn, he blocks or retards his thinking process. Anxiety and helplessness result and he often expresses these in feelings of hostility toward subject matter, persistent bewilderment in spite of several explanations, lack of participation or attention, procrastination or forgetting and inability to start or continue work alone.

9. Varying levels of intelligence. The majority of undereducated adults are far from stupid. On the contrary, because of their inability to read and write in a society where people live by these skills, they have been forced to live by their wits. On the other hand, it would be a mistake to assume that all illiterates have a highly developed degree of native intelligence.

10. "Live-for-today" philosophy. Many adults from lower socio-economic backgrounds have little concept of long-range planning in their lives. The idea of doing something today for a possible benefit several months or years from now is foreign to them.

11. Hostility toward authority. Undereducated adults have often had unhappy associations with representative of authority (policemen,

boss, parents), and consequently any authority figure is likely to arouse either their hidden or overt hositlity. In the student's past experience, teachers have often been such authority figures.

12. Unacceptable behavior. Middle class teachers often cannot accept behavior which is acceptable, even praiseworthy, among undereducated adults. This overt or silent criticism sets up a serious barrier between the teacher and the student. It alienates the student not only from the teacher, but also from the content of what is being taught.

13. Reticence. Many undereducated adults have difficulty expressing their feelings, discussing their needs and standing up for their rights.

14. Use of defense mechanism. The more uneducated the adult, the more likely he is to attempt to hide his illiteracy from his friends, and even his teacher, by carrying a newspaper or book, carrying pencils in a conspicuous place, not having glasses when asked to read, citing an injury to his "writing" hand when asked for written response, and exhibiting an extremely well developed oral expression with a reasonable vocabulary.

15. Need for status. Use of first names, nicknames and words such as "boy" tend to arouse antagonisms and resentment.

16. Tendency to lose interest. Undereducated adults, just as average adult students, will leave a classroom situation which does not fulfill their needs.

Retention - Second, once you have gotten the student to come in and enroll, there is often the problem of withdrawals. Some or all of the following ways may be used to keep a student in class.

1. It is vital to find ways of developing an awareness towards student's needs, both personal as well as class related - at all times.

2. He is more likely to feel comfortable with the instructor who readily admits that he does not know the solution to all problems, but, is willing to help find a solution.

3. His interests in class will be much higher if he learns at least one new thing each day.

4. Different students have different learning abilities. Though something works for one student, it might not be good for another. Therefore, we should search to find the best method of learning for each student. (i.e., tapes, video tapes, books, etc.)

5. Investigate excessive absences. If he knows you are concerned about his attendance, he will be motivated to return.

6. Student ideas and suggestions are valuable and can very often make useful teaching techniques.

7. Informality and humor should be a part of each class. A pleasant classroom is definitely an asset. A genuine smile works wonders.

8. Accept the student exactly as he is regardless of his faults. He already feels inferior and needs no encouragement in that area.

9. Give periodic recognition of his achievement. Nothing offers more incentive than a very well placed "good job."

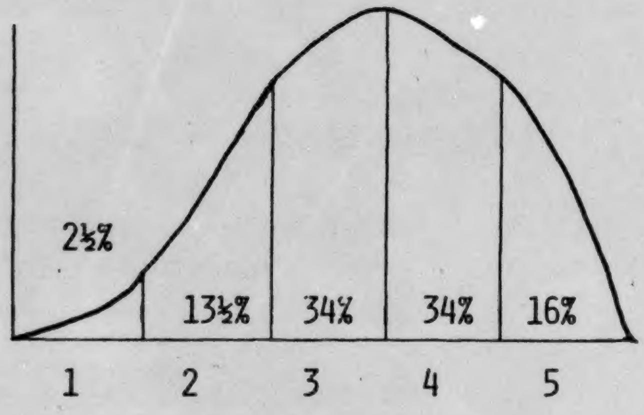
10. The instructor who is patient also shows a student that time has no value. What is important is the knowledge acquired by the student.

STEPS IN THE PROCESS OF ACCEPTANCE OF AN IDEA

AWARENESS
INTEREST
EVALUATION
TRIAL
ADOPTION

SEQUENCE OF ADOPTION OF A NEW IDEA

1. INNOVATORS
2. EARLY ADOPTERS
3. EARLY MAJORITY OF ADOPTERS
4. LATE MAJORITY OF ADOPTERS
5. LAGGARDS



LOCAL PROGRAM OBJECTIVES

1. TO INCREASE THE ENTREPRENEUR'S KNOWLEDGE AND UNDERSTANDING OF THE ECONOMIC AND BUSINESS PRINCIPLES UPON WHICH SOUND BUSINESS DECISIONS ARE BASED.

2. TO DEVELOP THE ENTREPRENEUR'S ABILITY TO EFFECTIVELY UTILIZE THE DECISION-MAKING PROCESS IN THE MANAGEMENT OF HIS BUSINESS.

3. TO DEVELOP THE ENTREPRENEUR'S ABILITY TO ADAPT HIS BUSINESS TO CHANGES IN RESPONSE TO PREDICTED BUSINESS TRENDS.

4. TO INCREASE THE BUSINESSMAN'S KNOWLEDGE OF THE TECHNICAL ASPECTS OF HIS BUSINESS OPERATION.

5. TO INCREASE THE ENTREPRENEUR'S SKILLS IN PERFORMING THE FUNCTIONS OF MANAGEMENT AND BUSINESS OPERATION.

6. TO IMPROVE THE ENTREPRENEUR'S ABILITY TO RECOGNIZE THE USE AND VALUES OF AUXILIARY SERVICES AND AGENCIES IN THE OPERATION AND MANAGEMENT OF HIS BUSINESS.

7. TO INCREASE INTEREST IN THE TOTAL WELFARE OF THE COMMUNITY AND INCREASE CIVIC RESPONSBILITY.

ROLE OF THE SMALL BUSINESS MANAGEMENT INSTRUCTOR

THE SBM INSTRUCTOR IS ONE WHO:

1. SERVES AS A COACH FOR THE SMALL BUSINESS MANAGEMENT TEAM, UTILIZING PERSONNEL, RESOURCE AGENCIES AND REFERENCE MATERIALS;
2. IS DEDICATED TO THE SUCCESS OF EVERY STUDENT BY SHARING THEIR AMBITIONS AND ASPIRATIONS;
3. DISPLAYS APPROPRIATE PERSONALITY TRAITS, KNOWLEDGE AND PROFESSIONAL SKILLS;
4. PROMOTES TWO-WAY COMMUNICATIONS WITH STUDENTS ALLOWING THEM TO EXPRESS MEANINGFUL EXPERIENCES;
5. HAS EMPATHY FOR INDIVIDUAL DIFFERENCES IN BUSINESS OPERATION; AND
6. MOST OF ALL, IS HONEST, TACTFUL AND PATIENT.

RESPONSIBILITIES

THE SBM INSTRUCTOR IS RESPONSIBLE FOR:

1. SETTING UP AND TEACHING A COMPLETE PROGRAM OF TRAINING BASED UPON CURRICULUM OBJECTIVES AS OUTLINED IN THE DETAILED COURSE OF STUDY;

2. PROVIDING INDIVIDUALIZED INSTRUCTION IN MATTERS THAT REQUIRE ADDITIONAL ASSISTANCE TO THE STUDENT;

3. BEING AVAILABLE FOR CONSULTATION TO STUDENTS WHENEVER NECESSARY;

4. MAKING ROUTINE FOLLOW-UP STUDIES OF THE STUDENTS' PROGRESS WITH ON-THE-JOB OBSERVATION OF PERFORMANCE;

5. OFFERING COMMENTS AND SUGGESTIONS FOR IMPROVEMENT;

6. PROVIDING TECHNICAL ASSISTANCE IN THE INTERPRETATION OF A COMPREHENSIVE ECONOMIC ANALYSIS OF THE BUSINESS;

7. ASSISTING STUDENTS IN SETTING GOALS FOR THE BUSINESS AND FAMILY (SHORT, INTERMEDIATE AND LONG-TERM).

II-B

The Visitor

Devoted to the Interests of Agricultural Education in Minnesota Schools

Vol. LXII July, 1975 No. 3

UNIQUENESS OF THE MANAGEMENT INSTRUCTOR'S POSITION

By

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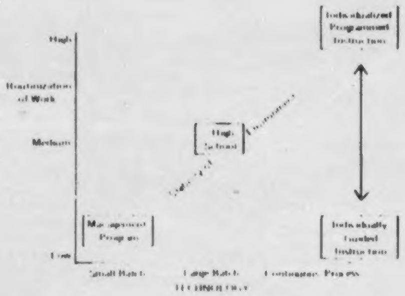
SCHOOL ORGANIZATION STRUCTURE

The Minnesota Farm and Small Business Management Education Programs involve adults having managerial control over their business. Both programs attempt to involve the entire business family in the educational process. The separate programs for farmers and for small business operators follow similar organized programs of instruction including classroom, group and individualized instruction.

Instruction in both programs centers around the goals of the family enrolled in the management education program. It is recognized by those who advance these programs that individual families have their own goals and values. It is not the intent of management education to change values, but rather to aid in the formation and realization of goals of each enrolled family.

Because these programs are unlike the usual school offerings, the management instructor's position and program is not generally understood in the context of the public school.

Joan Woodward (1) and James Thompson (2) provide a framework that suits our purpose for the examination of the management instructor's position and program. The following diagram is an adaptation of their model.



The management program exists in a rapidly changing environment. Small batch (individualized and small group) instruction characterizes its technology. The instructor finds his work anything but routine, with a need for flexibility and decision making at his professional level. The instructor can operate best with few worries or tensions. However, rules and regulations of the traditional school will usually provide these tensions.

The high school program exists in a rather stable environment. Large batch or mass production characterizes its technology. The instructor's job may be described as moderately routine, but falling under a hierarchy of control because operations are standardized.

Individualized programmed instruction is stable and routine, except for the individual guidance required at times.

GOALS INFLUENCED BY VALUES

The management instructor deals with a program that centers around the goals of the enrolled family. The values of the individuals have a direct bearing on goals.

John S. Brubacher in the text, **Modern Philosophies of Education**, addresses the difference in values of agricultural and industrial economies. A summation of his views would see the agriculturalists as having lower educational values, primarily because of the time consuming nature of farming leaving little (if any) time for additional education. In contrast, the industrialist, by the complex nature of the business world is forced to acquire additional education and thus places a greater value on education. In addition, the industrialist comes into constant contact with new ideas at the market place further strengthening his concern for education. (3)

While Brubacher may be correct in many instances it would be appropriate to point out two significant exceptions.

First, the business of farming today is very complex. The farmer of today employs many labor saving devices. These two situations have resulted in a recognition by many farmers of the need for additional education, and the time to to pursue it. The growth of the farm management education program offers some evidence of this.

Secondly, the small business operator is not unlike the farmer with respect to time for education. He often has to work long and hard hours at the business, thus leaving little (if any) time for additional education.

It would seem to follow that if one values education highly and pursues it, then that same individual will have a broader and higher set of goals than will one who places little value in education. This assumes that education does indeed enlarge one's horizon, and motivates a quest for a better standard of living.

Gordon McCloskey has this to say about the Values of Education.

> *"Well-educated people are better producers than poorly educated ones. Well-educated people can earn more and buy more. They better perform the growing number of complicated management tasks and more ably conduct the complicated research essential to progress." (4)*

THE NATURE OF GOALS AND VALUES

Dr. Frederick C. Neff, Professor of Education and Chairman of the Department of History and Philosophy of Education at Wayne State University, has stated that "goals and values serve to remedy a situation you have observed which needs to be improved." He sees goals as a workable plan rather than a passive end product.

This is an interesting comment helping to clarify the position of goals in management education program where they are viewed as being in a constant state of revision and study. However, this differs somewhat from the traditional view of goals.

The traditional view, and the one found in most dictionaries as the definition of goal is something toward which an effort is made; an end or objective. This would lead one to believe that a goal can be stated apart from the activities directed toward goal realization.

Waltraut J. Stein writing on "Exploiting Existential Tensions in the Classroom" suggests "the goal of any educational process is to equip the educated person with the means of realizing his own goals in the context of his cultural heritage in a way that at the same time creatively advances this heritage." (5)

To put it precisely, Neff and Stein seem to agree that goals are active and individual in nature. It would also appear that they would agree with a teacher teaching about goals, but leaving the statement and realization of goals up to the individual. Both the farm and small business management education programs are designed to present the goal activity in this manner. The difficulty with this approach for some teachers is that their own value systems conflict with that of the student.

ACADEMIC FREEDOM

This issue involves the idea of academic freedom. If we were talking in the context of children as students, general agreement might be found for the teacher to identify dangerous goals and to point out pitfalls others have experienced. At this time we might point out that the individual might be free to set his own values, but that they cannot infringe upon the freedom of others.

However, we are dealing with adults as students in the management education programs. The experience of the Minnesota management education program has shown that some adults have rather fixed values. Perhaps this is a result of only a moderate level of education. John Paul Strain has this comment on the subject: "For values are not static, but are subject to evolution and to education." (6) If this is so one could anticipate that a change in values might occur during or following a management education program.

We then come back to the teacher and his role in this situation with regard to responsibility and academic freedom. It is my belief that a teacher is obligated to explain the relationship of values to goals, and to present several views of values (perhaps including his own). However, care should be taken to stop short of actively engaging in goal setting for the students. This is not to say that the teacher cannot suggest a goals framework and cite examples of what might be considered goals.

Individual students may require a varying degree of assistance in the establishment of goals, and in determining the means to realize them. This variability can be handled well during the individualized instruction occurring at the business. Teachers of the Minnesota management education program report that families are more open in their discussion of values and goals in the personal setting of their home or business. The type of discussion which revolves around goal setting often leads to the establishment of better communications within the family where it is taking place. The writer has personally served as a Minnesota farm management education teacher and has experienced these situations.

SETTING EDUCATIONAL GOALS

Lest a teacher think that the student should be in complete control of the learning situation we need to examine this point. The question might be stated in this manner: is the teacher obligated to only teach according to the goals of the students, or are there areas of the curriculum that should be taught, even though student interest is lacking?

Bernard J. James writing on "Can Needs Define Educational Goals?" states: "But as the educator moves from the broad ethical frames of reference toward problems of immediate concern (including subject matter and methods), he is required to make more and more decisions with respect to goals of his clients. At no point on the means-end continuum is the educator free of the burden of decision." (7) It would appear we could equate this with Stein's comments on supplying the means (through education) for each individual to realize his own goals.

Those who advance the Minnesota management education program see the establishment of success patterns as one of the aspects of goals. Robert F. Biehler recognizes the German psychologist F. Hoppe (1930) for his analysis of level of aspiration. He observed that a person tends to raise his goals after success and to lower them after failure. He states: "This process protects him from continual failure or from too easy achievement, which does not provide a feeling of accomplishment." (8)

It is generally recognized by teachers in the management education program that success builds confidence, and confidence often leads to more success.

It would seem that the goals of the student, while bearing significantly on the educational goals of the teacher, should not have total control over the situation.

CONCLUDING COMMENTS

It is apparent that a discussion of goals involves the notion of personal values. There appears to be general agreement that each individual has his own value system, and excluding infringement upon the freedom of others, he should be allowed his beliefs. However, it has been stated that values change with evolution and education. It is the teacher's responsibility then to provide the means for that change through education.

The teacher is expected to promote the use of goals in the management education program. It may be unreasonable, however, to expect this to happen if he does not have a firm belief in their value. This paper has tried to clarify some of the issues facing the use of goals, and has identified that some people see goals as active, if not exciting, in their role.

How then can the teacher go beyond this form of written exposure to the subject? It would seem to be the obligation of the teacher, as a professional educator, to involve himself in the actual experience of establishing goals (for himself and others) and in an attempt to realize them.

The uniqueness then lies in the organizational structure of the program (including the needs of the instructor to manage the program), and in the emphasis on family goals and values.

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VOL. LXII THE VISTOR No.3

Published quarterly during the calendar year in January, April, July and October by the Division of Agricultural Education
University of Minnesota, St. Paul, Minn. 55108

Second class postage paid at St. Paul, Mn.

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UNIT III

GETTING A SMALL BUSINESS MANAGEMENT PROGRAM STARTED

Objective

At the end of Unit III, the student should be able to demonstrate through simulation, his/her understanding of the organization and content of the Small Business Management Education Curriculum for Adults.

A. Organizing Community Support and Resources: Use transparency III-A-1 to begin the discussion of this section. The following handouts are to be used by instructors to outline the program history and operation for administrators.

   1. Securing support from school administrators: Handouts "Why a Small Business Management Program" and "Small Business Management Program Outline," III-A-2 and III-A-3.

   2. Securing support from the public.

      a. Use examples of how public support is generated.
         1) Media; handouts; newspaper articles
         2) Organizations
         3) Personal contacts

B. Organizing and Using Advisory Councils for Small Business Management Programs: Use transparency III-B to highlight the material on Advisory Councils in Volume I, Instructors Manual and in Volume IV, Final Report, Chapter III.

   1. Purpose of advisory boards.
   2. Specific responsibilities.

C. Securing Enrollment: Handouts, "Small Business Management Suggestions For Recruiting Students," and "Small Business Management Program Anoka Area Vocational-Technical Institute," III-C-1 and III-C-2 should be used as a guide for the remainder of this Unit.

   1. Using media to attract attention, III-C-3,4,5,6,7

   2. Personal contacts

      a. Who - define the population.
      b. How many?
      c. When should you start?

   3. Using the recruitment packet, utilize 2 students to role play a student recruitment scene, using the packet of recruitment

materials. Handout, "Student Recruitment Packet for Small Business Management Education," and brochures SBM & Farm Business Management, III-C-8,9,10.

4. Student responsibilities and the Small Business Management Agreement. Use handouts III-C-11,12 to outline the discussion in this area.

5. Instructors program summary, III-C-13. Use as a handout to illustrate an experienced instructors viewpoint.

Student Activity: *Read, Broom-Longenecker,* *__Small Business Management__*, *4th Edition, Chapters 4-5.*

ORGANIZING COMMUNITY SUPPORT AND RESOURCES

IT IS THE RESPONSIBILITY OF SCHOOL ADMINISTRATION AND INSTRUCTOR TO DEVELOP A FAVORABLE PUBLIC ATTITUDE TOWARD ESTABLIHSING A SMALL BUSINESS MANAGEMENT EDUCATION PROGRAM BY CONSTANTLY BEING ALERT TO PROGRAM GOALS AND OBJECTIVES AND MOTIVATING ENROLLEES THAT, BY THEIR ENTHUSIASM FOR THE PROGRAM, THEY BECOME A MEDIUM FOR GOOD PUBLIC RELATIONS.

PROGRAMS NEED EMPATHY AND SUPPORT OF THOSE WHO SEE THE NEED FOR THEM AND WILL BENEFIT FROM THEM. TO BE SUCCESSFUL, A PROGRAM NEEDS BOTH THE CONSISTENT AND ENERGETIC SUPPORT OF THOSE ACTIVE IN ITS DEVELOPMENT AND AN ACCEPTANCE BY THE GENERAL PUBLIC.

PROBABLY THE MOST IMPORTANT MEDIA FOR REACHING OUT TO THE PUBLIC ARE NEWS PUBLICATIONS, RADIO AND TELEVISION. ORGANIZATIONS RANGING FROM CIVIC CLUBS TO CHURCH AFFILIATED GROUPS ARE INTERESTED IN BOTH COMMUNITY ACTIVITIES AND PROGRAM MATERIAL AND SHOULD BE CONTACTED FOR SUPPORT. THERE IS NO SUBSTITUTE FOR PERSONAL CONTACT WITH COMMUNITY RESOURCE PERSONS.

WHY A SMALL BUSINESS MANAGEMENT PROGRAM

By: Dr. Edgar A. Persons
Project Director

The Historical Setting:

When vocational education was first begun, there was a lot of attention focused on the self-employed. Many of you can perhaps recite the Smith-Hughes Act chapter and verse. I'm sure all of you recall the intent to train present and prospective workers in agriculture (farming) and the mechanic area.

While the intent to teach people to be managers was not foremost in the minds of the founders, it was nevertheless a recognized fact that a large majority of those trained would be their own boss.

Somewhere along the line we have lost sight of that early purpose, and have shifted vocational education to educate folks to work for others rather than themselves.

Perhaps the demand to train workers was so overwhelming, that the squeaky wheels got the most grease - or perhaps we developed a mentality that told us persons inventive enough to go into business didn't need any formalized training. The reason for the shift is unclear, and in fact unimportant.

What is important, and becoming increasingly clear is the fact that small businesses need a lot of help.

First of all, there are lots of them. I suspect that most of you flew into the Twin Cities this morning. If you did, you no doubt noticed that this is still an agricultural state. We boast of agriculture as our number one industry. We have about 60,000 commercial farms that produce about 90% of the State agricultural product.

Yet in this same State we have about 75,000 small businesses.

Yes, there are lots of them and they employ a lot of folks. Roughly 4 out of every 10 workers, work in a small business.

Doesn't it seem appropriate that if we are busy working with youth and adults to create within them the skills and knowledges to be good employees we must also seek to improve employment opportunities? What better place do we have to work both sides of the street! It does little good to train for employment and ignore those who employ.

Yes, there are lots of them! But remember when we count, we only count the survivors and the survivors are pitifully few.

This entrepreneur, h/she is a strange cat, Collins & Moore describe him as follows:

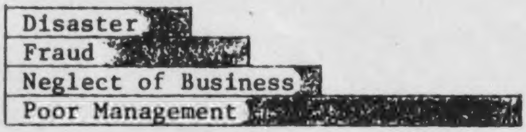
> "The entrepreneur, typically, cannot accept without reservation the leadership of others. He cannot live within a framework or occupational behavior set by others. He must, in the end, seek another way. It is this seeking of another way that, in the most fundamental sense make an independent entrepreneur of him," ... Collins & Moore, as found in the 4th edition of Small Business Management, Broom & Longenecker, Pg. 56.

How many survivors - How many "entrepreneurs" have we?

The SBA estimates that there are about 440,000 new businesses started each year. Unfortunately, they have about the same survival rate as alligator eggs - since the SBA estimates that each year 400,000 businesses are dissolved. Of course, not all are failures, completely, some have simply reached the end of their time and have been sold or fade away. We do know that the failure rate is enormous. If 10 new businesses were to start in your neighborhood today, how many do you think would be there next year at this time? If your neighborhood were average, USA, about one out of 5 would be gone a year from now and in four years only 4 or 5 would remain. It is definitely a case of survival of the fittest.

Why do they fail? The SBA categorized failures this way:

Causes of Business Failures:



Causes of Financial Problems:

Inadequate Sales
Heavy Operating Expenses
Poor Credit & Collection Policies
Inventory Trouble
Excessive Fixed Assets

By far the most common reason is poor management. Just as an illustration, examines 5 common causes of financial problems. It is easy to see that all of these factors can be tied to poor management.

What is the small business management program all about? Perhaps a small dose of our philosophy and our definition of management education will help you to understand the basis for the small business management program we are going to share with you.

Our definition is simple:

> Small business management is the application of business techniques and economic principles to the organization and operation of a business so as to secure the maximum continuous profit. Consistant with business and family goals.

> A small business management educational program strongly adheres to utilizing the family resources of land, labor, capital and management in order to establish various business goals that will be congruent with those established by the family.

And our philosophy is even simpler:

> The job of the SBM program is to help families reach their goals.

In summary, let's help turn back the wheel and focus some attention again on self-employed.

Why?

1. There are lots of them!
2. Many of them aren't doing so well.
3. We can ill afford business failure.
    a. It destroys jobs - jobs our employee type graduate need!
    b. It causes undue social & economic hardships to the entrepreneur who fails.
4. Much business failure can be laid to poor management.
5. We think we have a program that not only has a sound philosophical basis, but has been proven to be effective.

We would like to tell you more about it!

SMALL BUSINESS MANAGEMENT PROGRAM OUTLINE

The Small Business Management Program was developed over a three year period from 1973 to 1976, pursuant to a grant from the U.S. Office of Education, Department of Health, Education and Welfare. Testing and refinement of the program was accomplished through the cooperation of the Minnesota Area Vocational Technical Institutes at Anoka, Faribault and Thief River Falls, which currently are operating programs in Small Business Management Education

Additional testing was done in programs representing minority culture. Instructors were employed who were representative of their culture for American Indians at Ft. Wingate, New Mexico, Mexican American at Brownsville, Texas and Black Americans at Greensboro, North Carolina.

The general goal for the Small Business Management Program at the local level is to assist business families in improving the effectiveness of their business operation so as to assist in the attainment of family and business goals.

The local program is designed to benefit the participants by 1) increasing the entrepreneur's knowledge and understanding of the economic and business principles upon which sound business decisions are based, 2) developing the entrepreneur's ability to effectively utilize the decision making process in management of his/her business, 3) developing the entrepreneur's ability to adopt his/her business to change in response to predicted business trends, 4) increasing the businessperson's knowledge of the technical aspects of his/her business operation, 5) increasing the entrepreneur's skills in performing the functions of management and business operation, 6) improving the entrepreneur's ability to recognize the use and values of auxilary services and agencies in the operation and management of his/her business, and 7) increasing interest in the total welfare of the community and increasing civic responsibilitiy.

The instructional program is divided into four distinct kinds of activities: classroom instruction, small group instruction, individual instruction, and business technology instruction.

Classroom instruction is offered once per month following the sequence of units outlined for the program. Information and content emphasize certain management techniques or procedures that have application to all calss members. In the second and third years much of the instructional material is drawn from the business analysis of the members of the class.

Small group instruction is most apt to involve three or four business operators with like kinds of business where the management instruction can be related to specific business types. Such instruction is usually based upon the identification of a common problem through the individual at-the-business instruction activity. Small group instruction is offered as needed.

At-the-business individual instruction is planned to occur once each month with each student. This activity allows the instructors an opportunity to relate the classroom instruction directly to the student's business and to deal with problems of organization and management that are unique to the specific business.

Business technology is an important point of the total educational effort. When the students, the instructor or the advisory council have determined that there is a need for instruction in a specific area (i.e. advertising, display, personnel, etc.) it is the instructor's responsibility to contact or arrange for instruction to meet the need. Instruction in technology will be most effective when coupled with a program in management education.

Small business management education programs utilizing the Minnesota Model are currently being operated in the following locations:

State	City	Administering Unit
Alaska	Sitka	University of Alaska Cooperative Extension Service
Minnesota	Anoka	Area Vocational Technical Institute
	Bemidji	" " " "
	Brainerd	" " " "
	Faribault	" " " "
	Hibbing	" " " "
	Pine City	" " " "
	Thief River Falls	" " " "
	Willmar	" " " "
North Carolina	Greensboro	No. Carolina A & T State University
North Dakota	Devils Lake	Lake Region Junior College
Oregon	Eugene	Lane Community College
	Salem	Chemeketa Community College
South Dakota	Eagle Butte	Eagle Butte High School
Texas	Brownsville (2 Instructors)	Consolidated Independent School District Adult Continuing Education Center
Washington	Centralia	Centralia College
	Lynnwood	Edmonds Community College
	Tacoma	Tacoma Community College
Wisconsin	New Richmond	Wisconsin Indianhead VTAE District

ORGANIZING ADVISORY BOARDS

THE MAJOR PURPOSE OF THE ADVISORY COUNCIL SHALL BE TO PROVIDE AN ASSOCIATION BETWEEN THE SCHOOL AND COMMUNITY. THROUGH ADVICE, ASSISTANCE AND COUNSEL, IT CAN HELP ESTABLISH, MAINTAIN AND IMPROVE A PROGRAM IN SMALL BUSINESS MANAGEMENT EDUCATION.

SPECIFIC PURPOSES INCLUDE:

1. TO PROVIDE ADVICE AND COUNSEL CONCERNING PHILOSOPHY, OBJECTIVES AND CURRICULUM OF THE SMALL BUSINESS MANAGEMENT EDUCATION PROGRAM.
2. TO BE ALERT TO NEW BUSINESS AND TECHNICAL DEVELOPMENTS WHICH REQUIRE CHANGES IN CURRICULUM OR PROGRAM OPERATION.
3. TO AID IN SECURING ENROLLMENT BY SUGGESTING PROSPECTIVE ENROLLEES AND PUBLICIZING THE PROGRAM.
5. TO MAKE APPROPRIATE RECOMMENDATIONS THROUGH PROPER ADMINISTRATIVE CHANNELS TO THE ADMINISTRATIVE BODY OF THE SCHOOL.
6. TO PROVIDE COMMUNICATIONS LINK BETWEEN THE SCHOOL AND THE COMMUNITY, ESPECIALLY THE SMALL BUSINESS SEGMENT.

SMALL BUSINESS MANAGEMENT SUGGESTIONS FOR RECRUITING STUDENT

The responsibility for recruiting students will probably involve the combined efforts of:

1. The instructor
2. The school administration, and
3. The Small Business Management Advisory Committee

One of the first tasks facing all three will be to establish guidelines for selecting class personnel. If there are not enough applicants to fill the class, the guidelines will become purely academic. Some questions that come to mind are the following:

1. Should there be an attempt to enroll a class that will give a representative business sampling of the community?

2. Will some businesses deviate too much from a pattern necessary for meaningful averages?

3. What is considered to be a small business?

These questions will need to be decided by the aforementioned persons and groups responsible for recruiting.

Class enrollment in any one class should be limited to 20. It is assumed that enrollment counts will be based on the number of businesses served rather than on the number of people on the class rolls. For example, a man and wife would constitute one enrollment. Two people in a business partnership would constitute one (1) enrollment. It is conceivable that an enrollment of twenty might actually be forty or more individuals who participate in classroom, group and individual instruction.

Enrollment may be designed to provide a distribution among businesses of various sizes. There are a number of ways to measure total size, such as the number of employees, net sales or total investment. However, the only information available at recruitment time will probably be the number of employees and some instructive feel for the gross dollar productivity of the business.

The instructor must decide, along with his advisory committee, what mix of business sizes he thinks the small business management program can best serve. It would be desirable if there were some diversity in size among the class members rather than having all of the businesses represent a very narrow size range.

At least in the pilot stages of the program the types of businesses enrolled may be somewhat limited. It is advised that initial enrollments be concentrated in the sales and/or service kinds of businesses. This arrangement will provide a more homogeneous class setting for instruction and will minimize the difficulty in developing a good teaching plan for analysis of the business in the second year of instruction.

Some simple guidelines are in order for recruiting businesses based upon their success or potential for success as a business. While it is probably not possible to accurately determine the success of the business at the time of recruitment, some feel for the relative success or potential for success can be gained by a visit to the business. It is important that some consideration be given to the potential of a business to succeed, especially in the first pilot programs. Note that potential to succeed, rather than current success is the dominant criteria. Programs can be subject to much criticism if the only persons considered for enrollment are those who have already achieved a great deal of success. On the other hand, if the majority of the enrollment is made up of persons who are highly unsuccessful with low potential for success, the results of the program are apt to be dramatically drastic.

These considerations point to the need to recruit a balanced population, based upon success, from those who are marginal survivors to those who are relatively successful and profitable, with the majority of the class representing the middle group who have a potential for meeting their goal given the application of good business management.

One must have the criteria firmly fixed in his mind if he uses other agencies to assist in the recruiting. Credit agencies, for example, may be more apt to recommend the marginal risk, low potential businessman, since these are obviously to these agencies, the businesses that can profit most from good management instruction. Chambers of commerce or other civic agencies, on the other hand, might devise their suggested student list from those businesses that have been most successful. While the pattern of recruitment may not follow the pattern just illustrated, they are used to point out that each person looks at potential clientele from his own perspective and does not necessarily possess the broad insights needed to recruit a balanced enrollment group.

Recruitment Procedure

Effective recruitment will probably combine the use of several methods. Mass media advertising, mass mailing or other impersonal recruitment activities serve to alert the public of the educational opportunity, but are probably not adequate to secure commitments for enrollment. Since this educational program is so unique and requires complete commitment on the part of the student if it is to succeed, students must be totally aware of their responsibilities before enrollment.

Using the responses to mass advertising and leads from advisory groups, the instructor should plan some systematic way of personally visiting each potential client. Since the program is aimed at the family as well as the business, there is some need for arranging visits at a time when all concerned family members can participate.

To facilitate recruitment during the personal interview, the instructor should have a prepared recruitment package. This unit should contain at least the following:

1. A written enrollment agreement which spells out the duties and responsibilities of both the student and the school.

2. A brief description of the Small Business Management Project under which the pilot programs have been developed.

3. An abstract or simple summary and explanation of the kinds of business and personal records the client is expected to keep.

4. A summary of the course lesson topics to be presented during the first two or three years of the program.

5. A sample of the business analysis that will result from the record summary with some explanatory note of how the information will be used.

6. Charts, graphs or visuals which will help explain the way in which the program will operate including such things as program objectives, methods or class organization, confidentiality of the clients records, both business and personal.

At the time of the visit, the instructor should try to secure an enrollment agreement with the potential student. It should be emphasized that the student should sign the agreement only if he shows true interest and is convinced the program can be of benefit to him. Any form of high pressure salesmanship on the part of the instructor should be avoided.

The instructor should have the time and place of the first meeting established before recruitment begins. This way he will be able to commit potential students to attendance at the first and crucial meeting of the Small Business Management class.

SMALL BUSINESS MANAGEMENT PROGRAM
ANOKA AREA VOCATIONAL-TECHNICAL INSTITUTE
P.O. Box 191
Anoka, Minnesota 55301

Available through the Anoka Area Vocational-Technical Institute to small businesses in surrounding areas.

Purpose:

1. Primarily intended for family-type retail, service, manufacture types of business.
2. Emphasis on record keeping, using a standard uniform system.
3. Using these records for yearly analysis of operations.
4. To better determine the weak and strong points of the business.
5. To be better able to make decisions for accomplished business and family goals.
6. Low-cost program $50 per quarter.
7. One 2½ hour session per month at the school (evening).
8. At least one visit per month by instructor at place of business.

For further information, call or contact --

Anoka Area Vocational-Technical Institute
Telephone #: (612) 427-1880, Extension 220

Small Business Management Program links economic development and education

The role that large corporations play in the economy of the state and of local communities often overshadows the importance of small business. There are more than four million small business entrepreneurs in the United States—more than 60,000 of them right here in Minnesota.

The profitability of these small businesses can have far reaching effects on local, state and national economies. In addition, the welfare of the individual entrepreneur is directly affected by the efficiency and effectiveness of his own business.

Despite the importance of these small businesses to our overall economy, very little has been offered them in the area of business management techniques. A new program, the Small Business Management Program (SBMP), has been initiated in Minnesota, however, in an attempt to fill this void.

One of the program's success stories is Wennberg's, Inc., Thief River Falls. Owned and operated by Dale and Linda Wennberg, who are enrolled in the SBMP, the job, machine and welding shop fabricates and repairs metal products. Wennberg's currently employs five full-time people, plus additional temporary and part-time employees as required.

The firm manufactures hockey goal frames used in the National and World Hockey Leagues, ornamental iron work for residential use, and metal components for major manufacturers on a contract basis. Sub-contracting of component parts—such as winch stands for trailers, trap hooks, roll bars, shingling brackets, and dual wheel hardware and spacer bands for tractors—is another major area of production.

The Wennbergs feel that the SBMP classes have prompted them to become more aware of the details of their business, with the result that they have initiated improvements in the procedures used to handle their daily accounting requirements. They have also noticed a marked improvement in employee attitude since they enrolled in the program. Both Wennbergs are looking forward to an analysis of their business and a more thorough departmental evaluation.

Operated through public schools, post-secondary schools and colleges, SBMP brings the benefits of instruction in business managment to small business people and their families. The main purpose of the program, which is a pilot project initiated by the University of Minnesota's Department of Agricultural Education, is to assist the business community in achieving business and family goals through the improved management, organization and operation of small businesses, with the main goals being to improve the climate and conditions for business and employment.

A unique mix, the SBMP endeavors to link economic development with education. It departs from the idea that the climate for employment is improved solely by focusing on the skill-training of employees and advances the premise that the entire environment for employment and business will be improved by increasing the capacity for entrepreneurship.

The setting is the local community, where instructors are employed by Area Vocational Technical Institutes. Instructors illustrate the alternatives available to small business entrepreneurs for making wiser choices based on knowledge of problems in their own firms and in comparable operations. Instruction includes class sessions held at least once a month at a local school and individual instruction at each business. During these visits the business family and the instructor can study specific questions and problems pertaining to the particular business.

Business record analysis is a vital part of the program. Up-to-date recordkeeping on all business transactions and important expenditures is essential, and at the end of each business year the records are analyzed to determine the strengths and weaknesses of the firm. Through skills gained in the program, the weaknesses can then be minimized, allowing the business leader to make progress toward his established goals.

Instruction covers a three-year cycle. The first year, classroom instruction involves business records and accounts, the second year focuses on business analysis, while the third year deals with business organization. The structure of the program itself has been patterned after the highly successful Farm Management Education Program, which has been in existence for more than 20 years. SBMPs are currently underway in Faribault, Thief River Falls and Anoka, and the response in all three communities has been excellent.

Anyone operating a business is eligible for the SBMP. Those interested may enroll by contacting their local public school, post-secondary school or college.

A welder works on a project at Wennberg's, Inc., in Thief River Falls.

UPDATE

VOL. 11, No. 2 OCTOBER, 1976

MINNESOTA STATE DEPARTMENT OF EDUCATION

focus on Anoka AVTI program

Adult small business management programs help "Main Street Minn." retail businesses survive

by BARBARA QUADE
Update Staff Writer

"With the help of the Anoka AVTI adult small business management program, I found out what I'd have to do to be able to afford my new building," said Don Waldoch, owner of a van and truck conversion business. "I determined that I'd need $40,000-$50,000 in equity, set out to reach that point, and did it!"

"I've always wanted to go into business for myself, and have always been interested in decorating and antiques—thanks to the skills I've gained through the adult small business management program, I'm managing my own paint/wallpaper/furniture restoration business," said Marcella Klaassen.

"The most important thing we've learned from being in the adult small business management program is that it's the bookwork that keeps you in business," said Connie Swanson, who, along with her husband, owns a carpet retail business.

These business owners, all involved in the Anoka Area Vocational Technical Institute (AVTI) adult small business management program, are very excited about what they've learned and accomplished in the program and how their business has profited because of it.

The Anoka Area Vocational Technical Institute (AVTI) adult small business management program is one of three Minnesota pilot programs that have worked cooperatively over the past three years with the University of Minnesota in developing the program curriculum. Other pilot programs are in the Faribault and Thief River Falls AVTIs.

During this current school year, the Minnesota State Department of Education, through the Vocational-Technical Division, is planning to implement six new adult small business management programs. The programs will have a full-time teacher who will visit each place of business at least once a month. Students will pay a small, quarterly tuition ($50 at Anoka), attend monthly meetings and receive one-to-one instruction at their places of business for the duration of the three-year course.

"There is a growing demand in the state for adult small business management programs," said Anita B.Schwartz, marketing and distribution adult vocational program supervisor, State Department of Education, Vocational-Technical Division. "A number of communities have requested that we help set up programs in their areas; however, due to limited funds, we could expand the program to only six additional communities. The new programs are at Bemidji, Brainerd, Hibbing, Pine City, Willmar and Wells."

According to Schwartz, the six sites were chosen mainly because of the communities' responses to the request that they show a need for the program based on commitments from their business community that they (the business community) would actively participate in such a program.

"If the selection of sites were based wholly on the number of small businesses in a community the program would obviously go to the larger cities only," Schwartz continued. "We feel there is a need to provide service to out-state Minnesota. The survival of small business on 'Main Street Minnesota' depends on knowing, understan

"In this first phase of expansion, we plan to encourage recruiting of the small retail business as found on 'Main Street'," Schwartz said. "These include mostly family operated stores such as: ready-to-wear, jewelry, paint, grocery, variety, shoe stores, etc. Other types of operations will be accepted; however, the target will be mainly small retailers."

Just what is expected from business owners who enter an adult small business management program?

This fall, Cliff Olson, instructor of the Anoka program, will be interviewing small business owners in the north and west Twin City suburbs who have applied to enter the program. "Only about 12 out of 28-30 applicants can be accepted," said Olson. "I'll be asking the applicants whether they're prepared to make the kind of commitment necessary for participation. Will they attend the monthly class meetings? Will they use our suggested record keeping system for the year end analysis? Do they really need the kind of management skills taught in the program?"

"During their first year, my students set up their bookkeeping systems and learn about such things as withholding taxes, employee relations and cash flow," Olson said. "In their second year they begin to analyze and evaluate their businesses and by the third year they are ready to analyze expansion and departmentalization." Each year a new group of students has been added to the Anoka program so that this year Olson will have beginners, second-year students and those in their final year.

Update staff members, interested in knowing about the people and businesses involved in adult small business management programs, arranged to visit three of Anoka AVTI's north and west suburban operations.

Tom and Connie Swanson own ThomCO, a carpet retail store in Spring Lake Park. Tom acquired his experience from installing carpets for 12 years (he was in a partnership for several of those years). He does the carpet installation and Connie sells and does the bookwork. They are in their second year in the Anoka program.

"We have a small and relatively new business," Connie said," therefore we have to keep our prices low and provide extra services to our customers. We price all of our samples displayed in our store—many stores don't have the prices out for customers to see. And we depend a great deal on word-of-mouth recommendations by customers."

"The program has helped us find ways to realize certain goals that we've set for ourselves," Tom said, "We want to buy our own building in two years, hire more sales people and take some vacations. "To meet those goals we'll be trying to sell more carpets to home builders and apartment building owners—this is sure, steady business and the apartments need replacement on carpets more often than our individual customers because of greater wear and tear.

Another business in the Anoka program, Waldoch Crafts, Inc., is owned by 24-year-old Don Waldoch. The business has developed into quite a profitable operation since Waldoch began the adult small business management program almost three years ago.

Two years ago Waldoch was operating his van and truck conversion business out of his father's garage. He now owns a large 7,500 square foot building near Forest Lake, employs 10-15 workers at any given time, works with 150 automobile dealers in the five-state area and converts 500 vans and trucks a year.

Waldoch's business converts vans and trucks for dealers and individuals, adding to them almost every imaginable convenience—beds, cabinets, tables, sinks, showers, toilets, drapes, chairs, TV's, bars, archways, paneling, sun roofs, port holes, and fog lights. "A conversion may take anywhere from 15 to 100 hours," Waldoch said.

"Don is well into the expansion end of our program," Olson said. "During the coming year he'll be reaching into more new trade areas, adding sales people and really promoting the business."

Marcella Klaassen is the owner of another small business in Buffalo, a paint and wallpaper store called Attic II. Now entering her second year in the program, she attributes her being able to 'keep track of things' to the Anoka AVTI adult small business management program.

'I'd have a hard time—especially with my record keeping—if it hadn't been for this program," Klaassen said. "I now use the same cost figures and follow the same procedures each time."

Marcella's husband, Nick, an industrial arts teacher at Buffalo, is proud of his wife's accomplishments. He helps out in the store on weekends and during summers. "I work for my wife," he said, with a grin. "Originally we were both going to take on the business. Instead, Marcella said she'd try it herself so that I could keep working." Marcella said that her main goal is to finish the small business management program, build up the business and then sell it a couple of years later . . . at a profit.

Don Jonson's tools; brief case & calculator

By Warren Strandell
Herald Valley Editor

THIEF RIVER FALLS, Minn. — Don Jonson doesn't spend much time behind his desk at the Thief River Falls Area Vocational-Technical Institute here. Instead, he sits behind the desks of some 30 small businesses in this area.

His job is to help the small town, main street merchant develop and maintain a record keeping system that turns those store owners into business managers, not just people who keep records for tax purposes.

"I'm almost constantly on the road. This is really my desk," he says, pointing to a brief case full of instructional materials and business forms. "And I've got this calculator with me, too."

The small business program that he directs through the vocational school here was formed in Minnesota in 1973. It is the businessman's answer to a farm management program that has been around for almost 20 years. Jonson had some input in the program, whicl was developed by Dr. Edgar Persons of the University of Minnesota's Department of Agriculture Education.

And he was one of the directors chosen for pilot programs at three vocation-technical institutes (Anoka, Faribault and Thief River Falls) when the plan was initiated in early 1974.

"One of my first visits to a small business provided me with an insight into what record-keeping means to a good many business operator, he said. The majority of them keep records primarily for income tax purposes. Using these records for management purposes has not been a consideration."

And that is a good part of what he is trying to accomplish through the program.

"I make a visit to each business once a month. Sometimes it's an hour call and sometimes it lasts all day. We get together for a group meeting once amonth at the AVTI here. It's an evening meeting that lasts 2½ hours and is scheduled so that they have time to close up and still get here. The classes provide a forum for interchange. The subjects apply to all business situations."

The classes are geared to a specific course of study that is taught in a definite sequence over a three-year period.

"We only offer it to those people who commit themselves to carry though with it," he says. The first year, he explained, deals with basic record-keeping and organization; the second with analysis and the use of information recorded; and the third with re-organization concerns and ways to maximize income.

"Not all come into the program knowing nothing about record-keeping. Some come from scratch, but others have some fairly good systems," Jonson says. "We try to develop them further, teach them to really use the information, to be critical thinkers."

Jonson, a native of Bagley, Minn., and a Bemidji, Minn., State University graduate in business, adds, "There's no guarantee of success. It's up to the individual to follow through. Sometimes we counsel them to re-evaluate their situations. Could they be making the same money working for someone else? Maybe they'd be better off in something else."

He doesn't carry the role of consultant, however. "I try to maintain an educational posture, but I do get some loaded questions. When that happens, and they try to get you to make some decisions for them, I turn it around. I get them to make the decisions themselves," he says. And, he points out, the value of record-keeping and analysis shows up then. It usually provides the answer for them.

"The purpose of the program is educational. I try to teach them to make some decisions. Get them to think in terms goals. Get them to stop the go-go-go routine everyday; the hand-to-mouth pattern and get them to establish short and long-range goals. Get them to look at where they are going."

Fabricated, or book-type problems aren't used in the program. "We use the businessman's own situation. There are no exercises created just to use as an educational device. We don't want to waste time with that.

Don Johnson, right, helping program participant Steve Thorstad.

HERALD PHOTO
BY WARREN STRANDELL

"The businessman has his own problems and are the basis for the program. We're primarily a financial management program. We don't get into merchandising, promotion, advertising or anything like that. They can get that kind of assistance from their suppliers. We just point at management.

"The businessman knows his work or product line. That's his strong suit. But he often goes into business not knowing what goes on behind the desk. That's his area of greatest need, and he doesn't have time to go to school to learn it."

An annual analysis is prepared for each firm. "It determines the strengths and weaknesses," he says. The analysis, done by computer from records kept during the year, "is another tool that takes the figures out of the page and makes them meaningful. It includes inventory turnover, debt collections and things like that."

The program, which is supported by the Minnesota Department of Education, is not free. Participants must pay a $200 annual fee for the 12-month program.

Its success is voiced by participants. Mrs. Harry Larson, who with her husband owns The Thimble in Crookston, thinks it's an "excellent value." She says, "Don's approach to the individual store is one of personal interest." Gale Swanson, owner of the Warren TV & Appliance Store, would recommend it to anybody. "It sure brings out some valuable things. I know where my money is, the inventory I've got."

Pete Ramstad, who opeerates with his mother Ramstad's Hardware, Crookston, says "everything about the program is super. Mom's been going, and she swears by it."

And a state study of its value indicates that for each dollar spent on the program there is from $11.43 to $12.08 in benefits.

Word of the program, which was initially funded by a grant from the U. S. Office of, Education, has spread through the country. The "Minnesota Program," the name it has been given, is operating in Alaska, North Carolina, Oregon, South Dakota, Texas, Washington, Wisconsin and North Dakota. The North Dakota program is administered by Wayne Olson, an instructor at the Lake Region Junior College, Devils Lake.

And beginning this year, the program is being expanded in its home state. AVTI :t Hibbing, Brainerd, Bemidji, Willmar and Pine City will soon offer the program. Jonson expects that , all AVTI's in the state will soon offer it. He thinks also that its growth nationally will boom. "The Small Business Administration has been very supportiv They've given us some educational materials and other aids and are interested in building the program," Jonson says.

Jonson is now interested in trying to develop some type of program for buisinessmen who have completed the three-year program Continuity is important, he says. "And they need some place to go on occasion for an answer. I hope we can get something started along that line, or at least keep giving them annual analysis reports.

"This program was intended for the family-owned, independent usiness. We're trying to reach the people who do not have the means to hire a college-trained person or some outside help, or aren't apprised of the need to know business management.

"Now, the key is follow up. We need to give them help when they need it."

Business ownership by women pushed

Aug 4 1977

WASHINGTON (AP) - A national campaign to encourage women's ownership of businesses through programs of the Small Business Administration (SBA) was announced Wednesday at the White House.

Presidential assistant Midge Costanza said the program "has the very strong support" of President Carter.

She told a press briefing that during last fall's campaign Carter had pointed to the need for programs to assist women in business.

Pat Cloherty, who will head the campaign for the agency, noted that women make up 51.3 per cent of the population, yet own only 4.6 per cent of all businesses.

The campaign includes:

A SERIES OF 110 seminars and conferences around the country to inform women about SBA programs and getting into business.

MORE ATTENTION to the needs of women seeking business loans from SBA.

MANAGEMENT assistance and training, including the use of retired business people.

CONTRACT assistance for eligible small businesses owned by women who want to participate in government contract work.

According to a fact sheet issued by the White House, only 11 per cent of SBA loans in 1976 went to women.

St. Paul Pioneer Press
The Voice of Minnesota

BERNARD H. RIDDER, 1883-1975
BERNARD H. RIDDER JR., President
THOMAS L. CARLIN, Publisher

WILLIAM G. SUMNER, Editor
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Editorial Page

Sat., Nov. 15, 1975

BURIED BY BIG GOVERNMENT

Small businessmen beset with problems

By Gaylord Nelson

Washington

America's small business community is so sorely beset with serious trouble that the health and vigor of our entire economic system is threatened.

THIS IS THE picture that has emerged from 47 days of testimony that have been taken in the past 10 months by the Senate Small Business Committee, of which I am chairman.

The worst inflation and recession since the 1930s has aggravated this condition. But the root cause is that small business has been at the bottom of the priority list of successive administrations. It now suffers from an accumulation of federal policies that are discouraging the formation of small enterprises, holding down the expansion of existing firms and forcing small family-owned operations, including farms, stores and factories, out of the hands of small entrepreneurs.

THERE ARE, in America today, approximately 13 million business enterprises. About 400,000, or 3 per cent, are big businesses, with masses of employes, plants scattered around the globe and budgets that in some cases surpass even those of nations. The other 12.6 million enterprises make up the U.S. small community.

Just what is small business? What do we mean or should we mean when we use the phrase?

Each of us might define it differently, in terms of capital invested

ative to its percentage of the total national production of a particular product. We all probably would agree that sole proprietorships or firms with 10, 50, 100, 200 or 500 employes are small business. Most of us, including myself, probably would agree that 1,000, 1,500 or 2,000 employes and more still is a small business.

IN ANY EVENT, precisely where those lines are drawn does not go to the heart of the matter. When we talk about small business we are talking about individuals who own them, who manage them, who control them. We are not talking about subsidiaries or branches of large conglomerates and major corporations no matter how small the branch or the subsidiary.

Some statistics about this small business community underscore its importance to U.S. economic vitality. Small business furnishes 52 per cent of all private employment, 43 per cent of the entire U.S. business output and one-third of the gross national product. It is the traditional source of local and national economic growth.

YET OUR SMALL businesses are sinking deeper into a morass of federal rules, regulations and paper. They are victimized by discriminatory federal income tax laws. They are being driven out of business by confiscatory estate taxes.

Let me tell you about some of the specific problems of American small business that have been underscored in our hearings:

their financial weakness. The largest corporations pay only about 25 per cent of their income in federal taxes because of special privileges that have accumulated over the years. In contrast, many smaller firms pay more than 50 per cent Thus a small firm attempting to accumulate capital to grow may be paying twice as much as a giant competitor.

Paperwork is out of control, imposing a $40 billion yearly burden on the economy, more than half borne by small business.

Family farming, accounting for 25 per cent of all self-employment, is in serious trouble. More than one-third of all U.S. farms went out of business in the last 15 years.

The housing industry, composed mostly of small and independent firms, has been forced to cut production from nearly 2.4 million units in 1972 to a rate at the end of last August that would produce 1.26 million this year. Unemployment in construction is 21.2 per cent. Administration policy is directly responsible for this depression in housing.

- Federal regulations, such as the 330-page document on occupational safety and health, are proliferating and sap the time, funds and productive energies of small enterprise.

- There is an acute shortage of capital for smaller firms. Only 10 stock issues have been sold by small-and medium-sized businesses in the past 20 months. During the same period, some interest rates for smaller borrowings reached 15 per cent to 18 per cent.

- Bankruptcies in the year ending June 30 1975, jumped 45 per cent to 30,130. This is almost twice the 1966-70 level

- Rules governing recovery of capital invested in equipment are so complex that this tax saving device is poorly utilized by small firms

- The estate tax exemption of $60,000 — set in 1942 - - is so out of date in the modern inflation-ridden economy that it is prohibiting many owners of family farms, factories and stores from passing along their enterprises to their children.

OVERALL, WE have an important new matter of concern to America. This new issue -- the health of independent small business -- involves vital economic, social, sociological and philosophic questions.

It involves the question of survival of a competitive free enterprise system.

IT INVOLVES issues respecting the kind of productive efficiency and creativity that flow from personal management, ownership and responsibility.

It involves questions of economy of scale.

It involves the basic issue of preserving opportunitites for free choice and individual self-expression

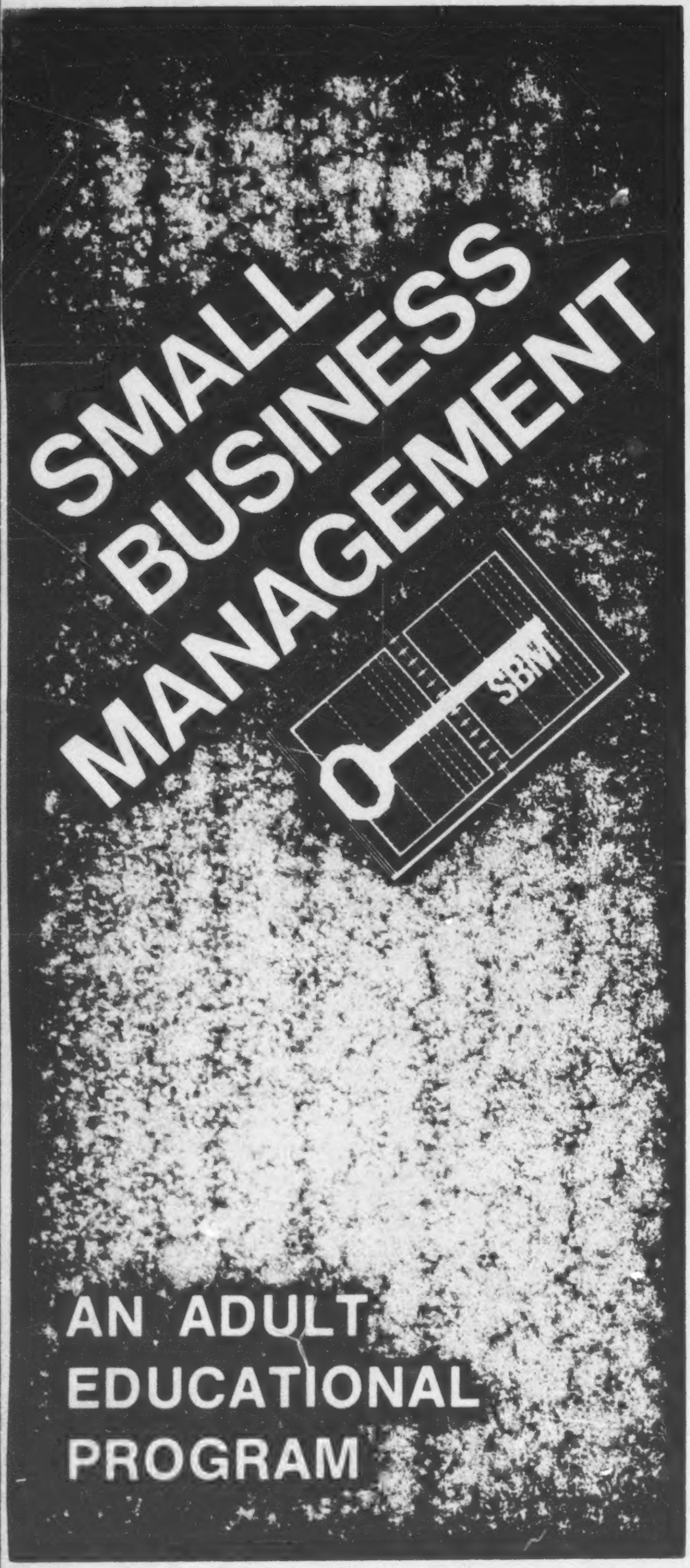
SO FAR AS our family farmer-businessman is concerned, there is involved the great question of stewardship of our land. Should the man who tills the soil and produces the food and fiber own the land? Or should absentee corporate giants own the land and hire hands to till the soil, and manage that vital resource?

And finally, the whole matter gets down to this question: What is our view of ourselves and our future as a people?

WE HAVE NOT addressed ourselves to these issues in any thoughtful, persistent, creative fashion. We have assumed that because the country is big and the economy is big that big is good. This has been the conventional wisdom. While some bigness is dictated by the nature of things, a good deal of bigness is bad for the economy and bad for the free enterprise system. The large conglomerates that absorb independent businesses and engage in predatory competitive practices simply do not serve our best interests.

Important though these matters are, we will have to ponder them in the future because the current plight of small business demands immediate action.

Sen. Nelson, a Wisconsin Democrat, is chairman of the Senate



SMALL BUSINESS MANAGEMENT

SBM

AN ADULT EDUCATIONAL PROGRAM

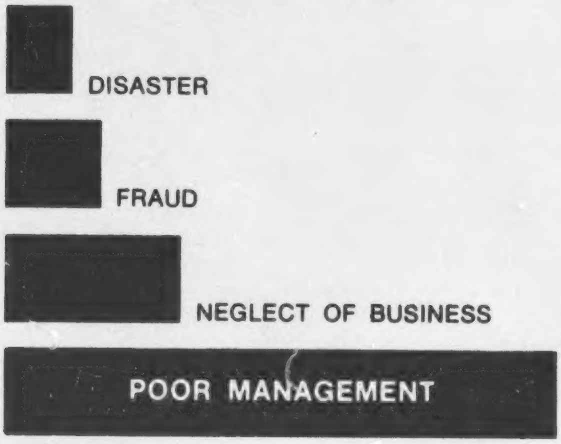
The Small Business Management Program brings the benefits of instruction in business management to small business operators and their families. The program is operated through public schools, post-secondary schools and colleges.

The main purpose of the program is to assist business operators in achieving their business and family goals through the improved management, organization and operation of their business.

Small businesses constitute 95 percent of all operating businesses in the country and employ 40 percent of the total work force. Although small businesses generate much of the country's employment, they can also account for much of the unemployment.

Approximately 440,000 small businesses open up each year, and 400,000 fail each year. Many of these failures are not attributed to lack of capital or technical knowledge, but rather to lack of management skills.

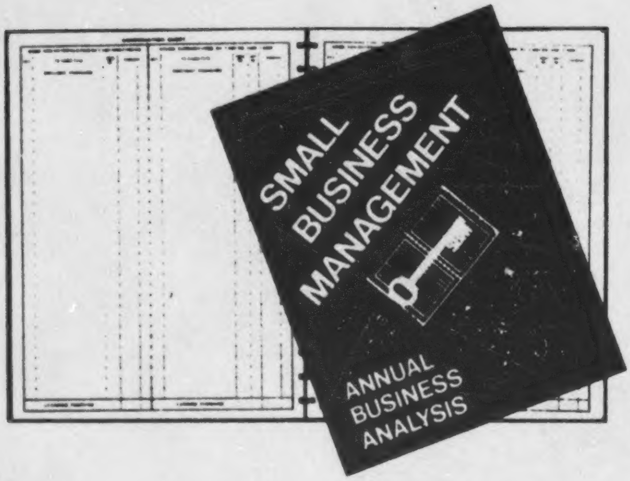
CAUSES OF BUSINESS FAILURES



Opportunities: Research studies of enrollees in Small Business Management Programs indicate that families who participate seriously are likely to improve their business income significantly. Studies for families enrolled in 1974 and 1975 indicate a return of $11 and $12, respectively for each dollar invested by participants in the program.

Adult instruction in Small Business Management is based upon a definite plan of instruction. Each program is organized around the following ideas.

1. There are specific enrollees in each class; enrollment is limited.
2. Specific units of instruction are part of each course.
3. The courses are offered in a definite sequence.
4. There is continuity between courses leading toward the accomplishment of business and family goals.
5. Individual instruction is offered for each class member in his/her own business.



Business record analysis is a vital part of the program. Up-to-date records are kept of all business transactions and important family expenditures. At the close of each business year the record is analyzed to determine the strengths and weaknesses of the business.

The program is based on a highly successful farm management program which has been in operation for more than 20 years. Farmers and ranchers enrolled in the program gained over $4 for each dollar they invested in the program.

Instruction includes monthly class sessions held at a local school, and individual instruction by the instructor at each business. During these visits the business family and instructor can study specific questions and problems pertaining to the individual business. At-the-business instruction is planned and scheduled in advance by the business operator and instructor.

The main emphasis is on business management instruction. Classroom instruction involves:

1st year	Business records and accounts
2nd year	Business analysis
3rd year	Business organization

Using applied business management principles, instructors discover with the enrollees the strengths and weaknesses of their businesses. Through skills gained in this program, the weaknesses can then be minimized, allowing the business operator to make progress toward his/her established goals.

Developed by
Division of Agricultural Education
and Research Coordinating Unit
University of Minnesota
St. Paul, Minnesota

PLACE
STAMP
HERE

The regular instruction in business management skills and techniques is supplemented by special classes in business technology such as advertising, promotion, sales techniques, display and other topics for which the class members express high interest.

Classes begin in the fall and continue throughout the year.

Anyone operating a business is eligible for the program. Persons may enroll by contacting their local public school, post-secondary school or college. See the back cover for the specific school for your area.

Enrollment fees are determined by each institution and vary from community to community. Fees are used to help pay for instruction, the annual business analysis and other study materials.

DISCLAIMER

The project presented or reported herein was performed pursuant to a Grant from the U.S. Office of Education, Department of Health, Education, and Welfare. However, the opinions expressed herein do not necessarily reflect the position or policy of the U.S. Office of Education, and no official endorsement by the U.S. Office of Education should be inferred.

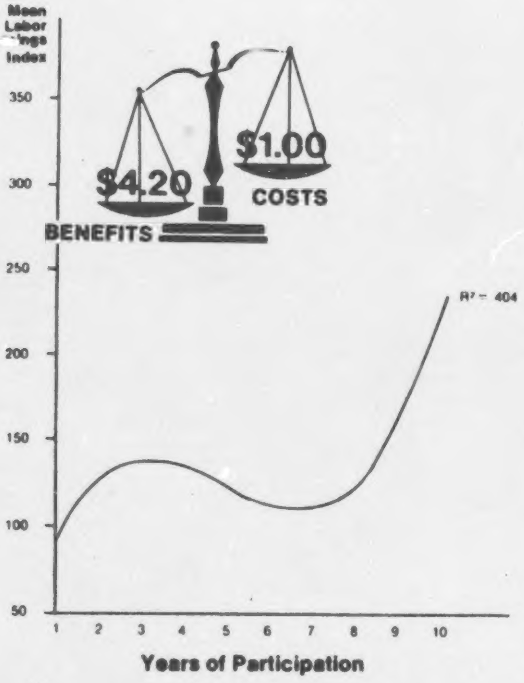
TO

FROM

The Farm Business Management Program is a public school program designed to bring the benefits of instruction in business management to farm families.

The main purpose of the program is to help farmers achieve their farm business and family goals through improved management, organization and operational efficiency of their farms.

Several factors indicate that the Farm Business Management Program started in Minnesota in 1952 is successful. First, a study of the program from 1957-65 conducted by the Division of Agricultural Education of the University of Minnesota showed that for each dollar the farm family invested in the program it received $4.20 in return.



The study also revealed that, in addition to the direct benefits to those enrolled, communities received about $9 in increased business activity for each dollar spent or charged to farm business management education in the school.

The earnings curve shows the effects of adopting technology, a reorganization phase, and managerial efficiency by those involved.

Since this study, the program, now located in at least 13 other states, is showing a growth of over 20 percent each year.

Adult Instruction in Farm Business Management is based upon a definite plan of instruction. Each program is organized around the following ideas.

1. There are specific enrollees in each class; enrollment is limited.
2. Specific units of instruction are part of each course.
3. The courses are offered in a definite sequence.
4. There is continuity between courses leading toward the accomplishment of farm business and family goals.
5. Individual on-the-farm instruction is offered each class member.

Farm record analysis is a vital part of the program. Up-to-date records are kept of all business transactions and important family expenditures. At the close of each business year, the records are analyzed to determine the strengths and weaknesses of the farm business and can also be compared with past analyses to determine progress.

By the first of April, a summary report is compiled for the farm management areas of each state. Records in each area are averaged into categories of average, high and low income farms. Each family can then compare its own figures with those of its particular area.

Instruction includes monthly class sessions held at a local school and individual on-the-farm instruction. During these scheduled visits, the farm family and the instructor can study specific questions and problems pertaining to the individual farm. The main emphasis is on business management instruction. Classroom instruction involves:

1st year	Business records and accounts
2nd year	Business analysis
3rd year	Business organization
Beyond	Advanced Farm Management

Using applied farm management principles, instructors help enrollees discover the strengths and weakness of their farms. Through skills gained in this program, the weaknesses can be minimized, allowing the farm family to make progress toward its established business and family goals.

Classes begin in the fall and continue throughout the year. The regular instruction in farm management principles is often supplemented by special classes in farm mechanics, crops and soils, and livestock management. All instruction has as its basis the goals of the farm family.

Persons may enroll by contacting their area vocational agriculture department. Enrollment fees, averaging $40, help pay for instruction, the annual business analysis and other study materials.

See back cover for the specific school in your area.

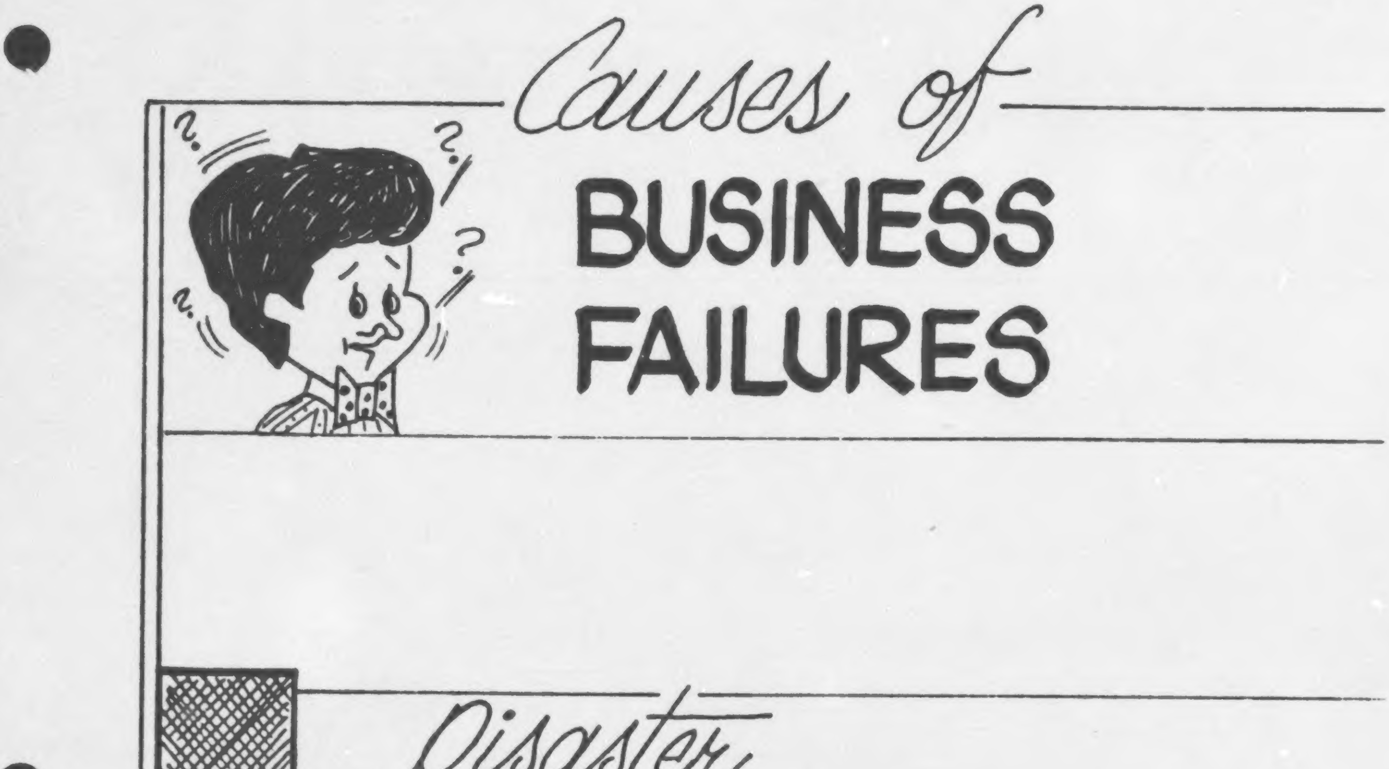
Developed by
Division of Agricultural Education
University of Minnesota and
Vocational and Technical Division
State Department of Education
St. Paul, Minnesota

PLACE
STAMP
HERE

From

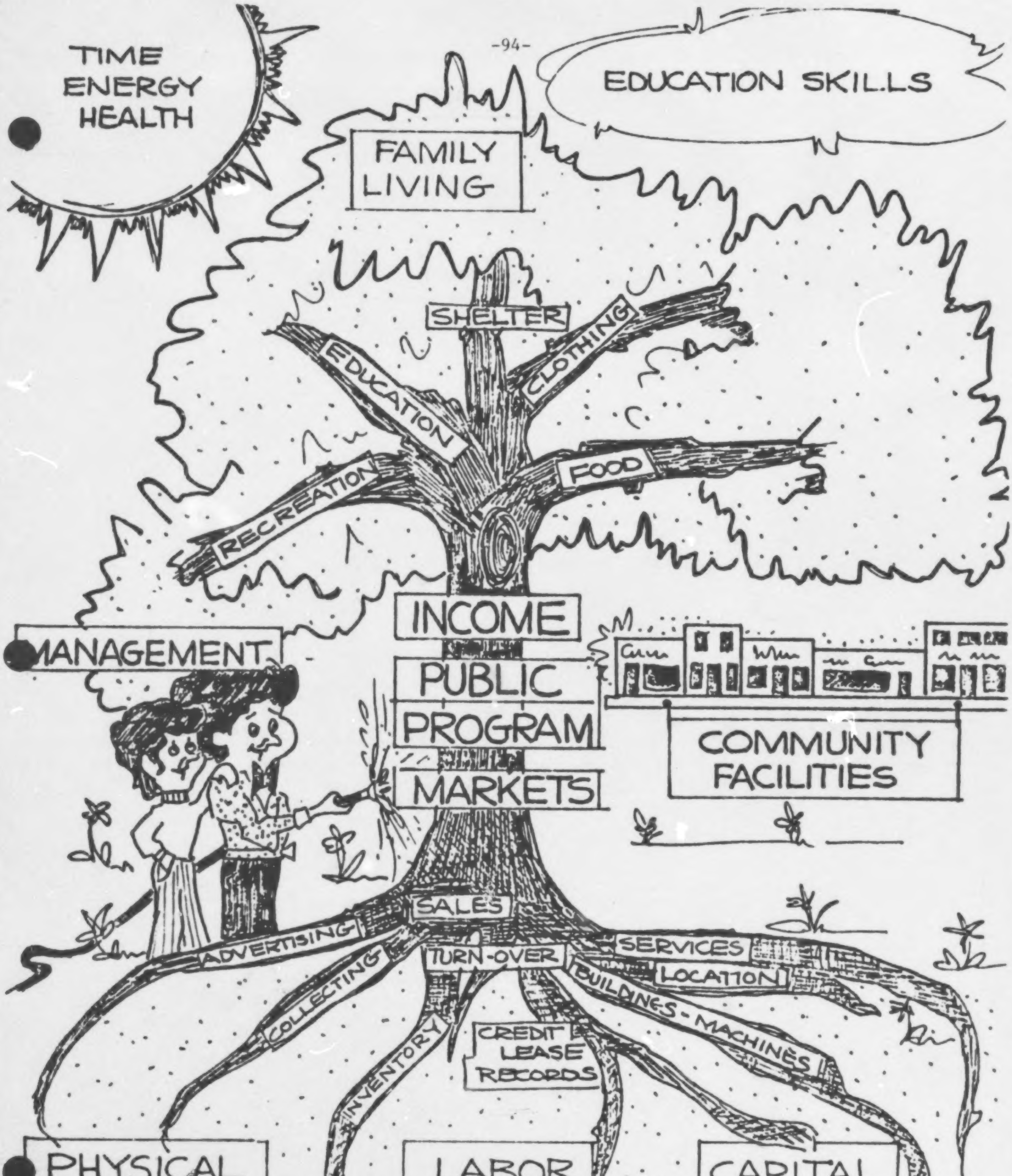
To

STUDENT RECRUITMENT PACKET
FOR
SMALL BUSINESS MANAGEMENT EDUCATION


Causes of
BUSINESS
FAILURES
Disaster
Fraud
Neglect of Business
POOR MANAGEMENT

Causes of FINANCIAL PROBLEMS

1. INADEQUATE SALES
2. HEAVY OPERATING EXPENSES
3. POOR CREDIT AND COLLECTION POLICIES
4. INVENTORY TROUBLE
5. EXCESSIVE FIXED ASSETS



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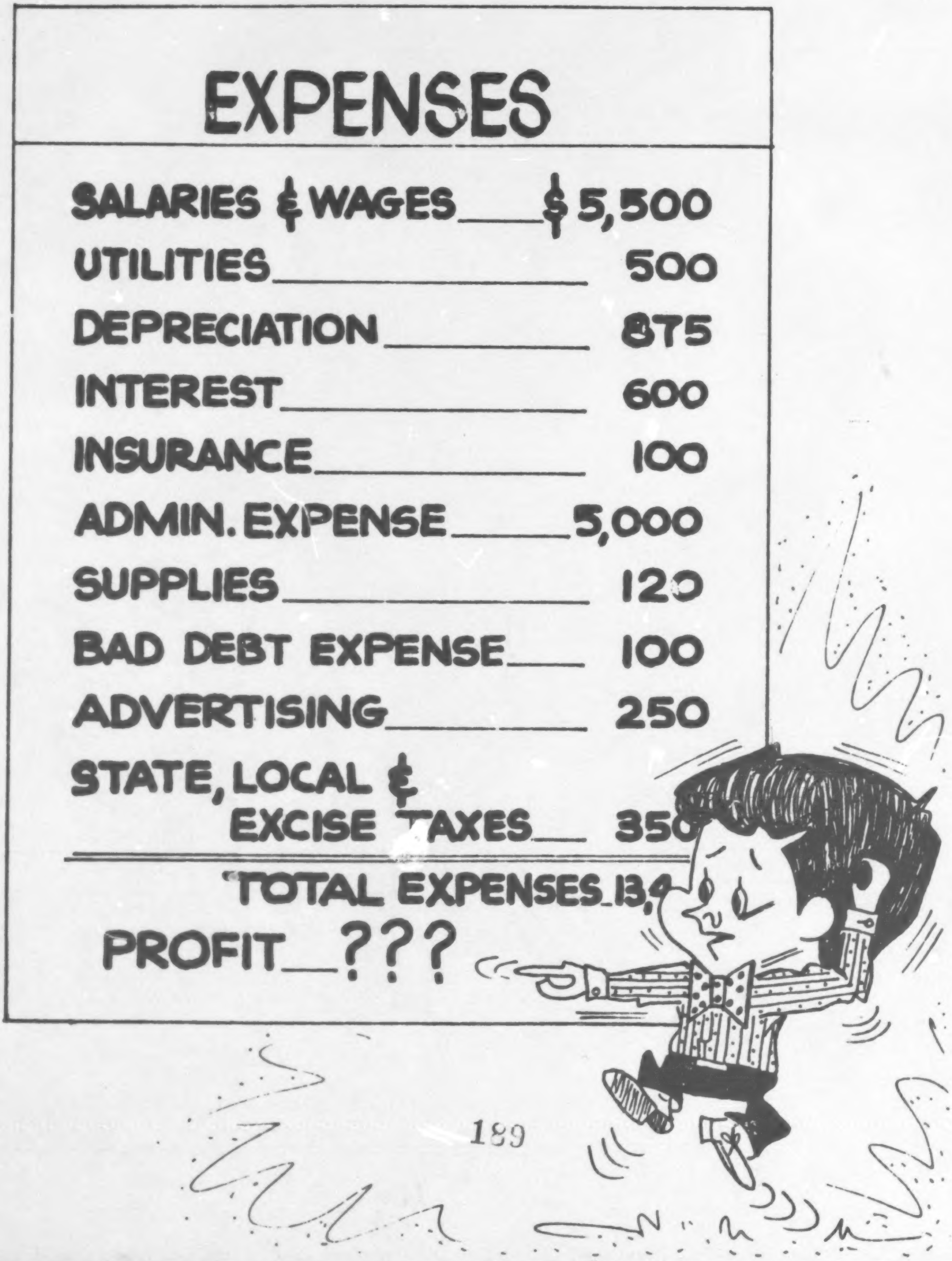
EXCESSIVE FIXED ASSETS

INVENTORY TROUBLE

EXPANSION PROBLEMS

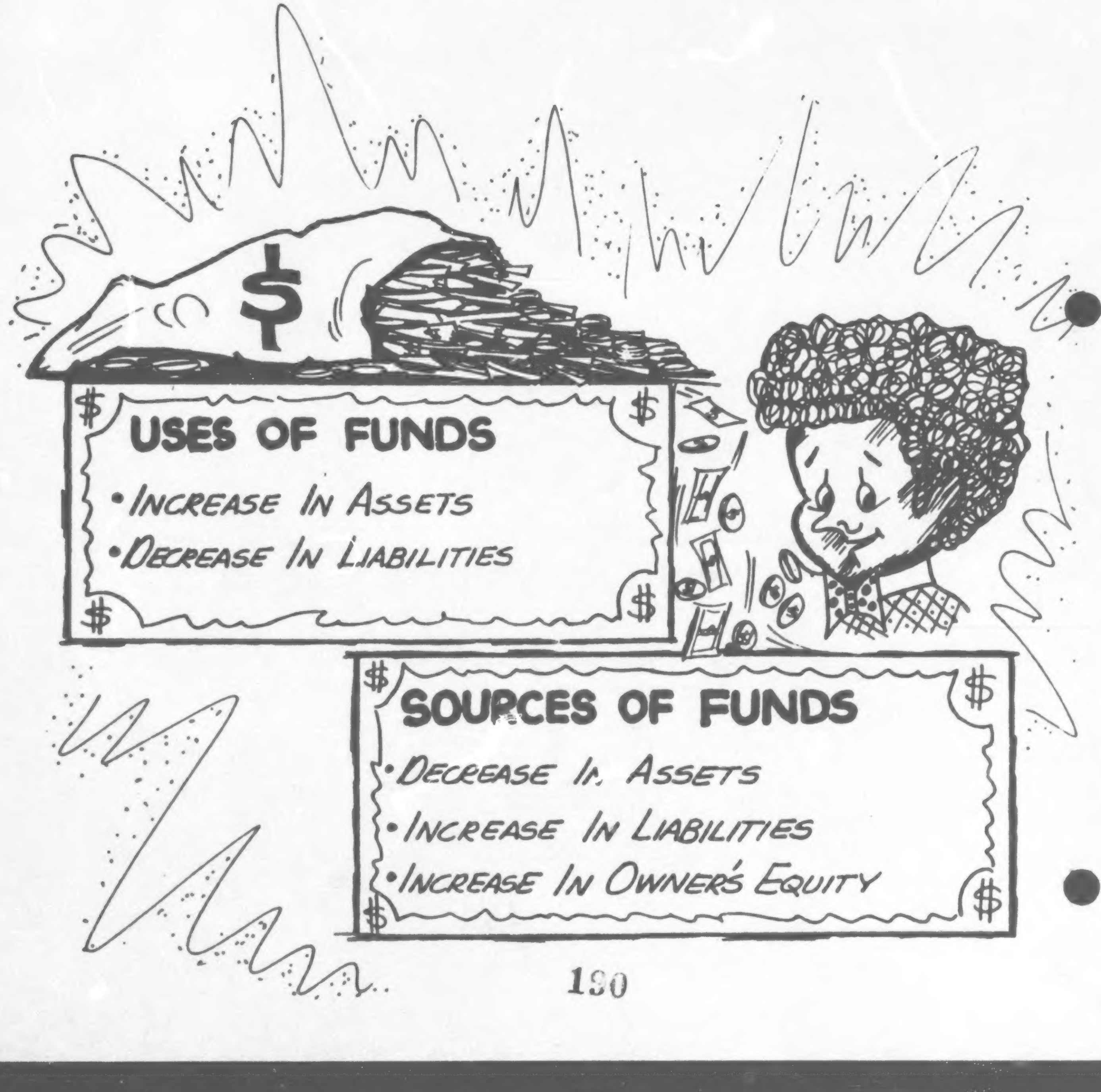


EXPENSES

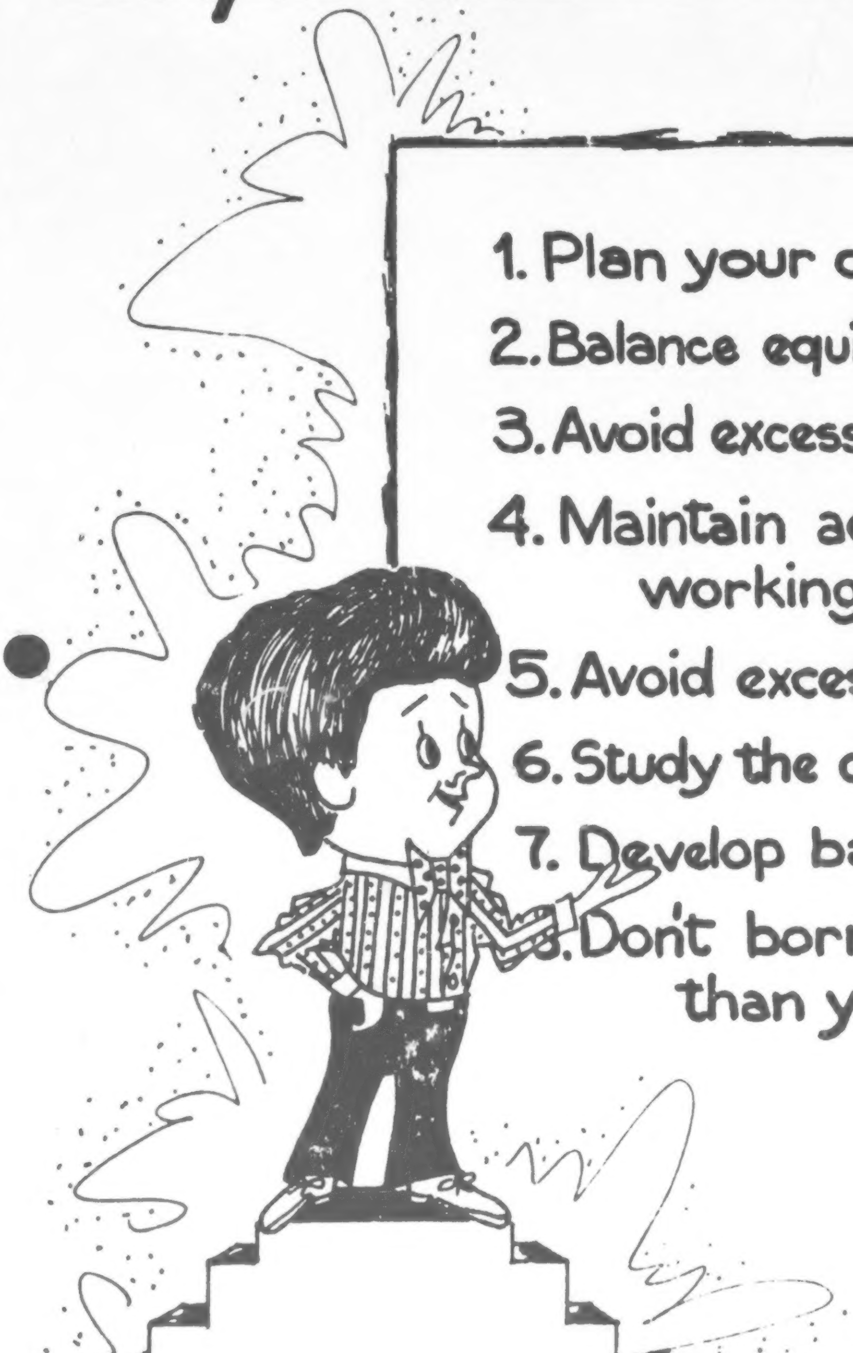
SALARIES & WAGES	$5,500
UTILITIES	500
DEPRECIATION	875
INTEREST	600
INSURANCE	100
ADMIN. EXPENSE	5,000
SUPPLIES	120
BAD DEBT EXPENSE	100
ADVERTISING	250
STATE, LOCAL & EXCISE TAXES	35
TOTAL EXPENSES	13,4

PROFIT ???

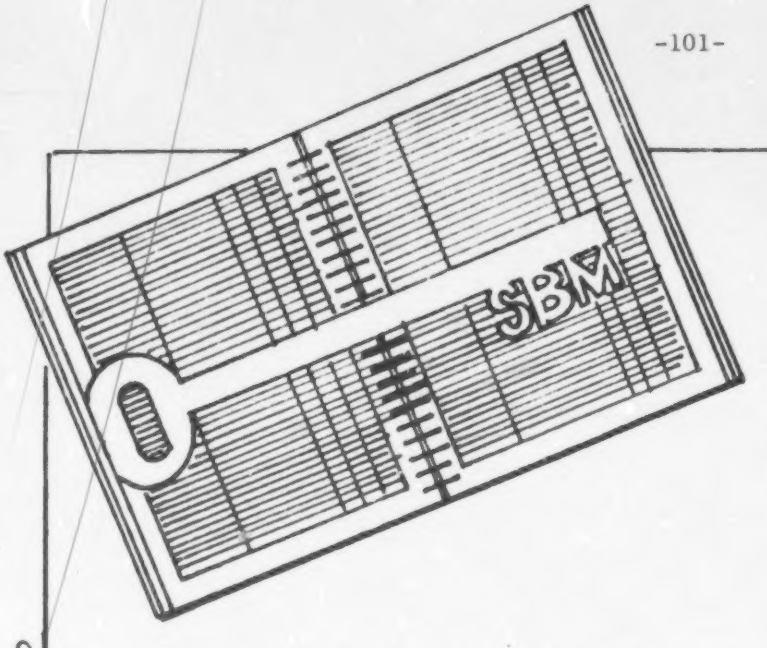
FUNDS FLOW STATEMENT



tips on GOOD FINANCIAL MANAGEMENT



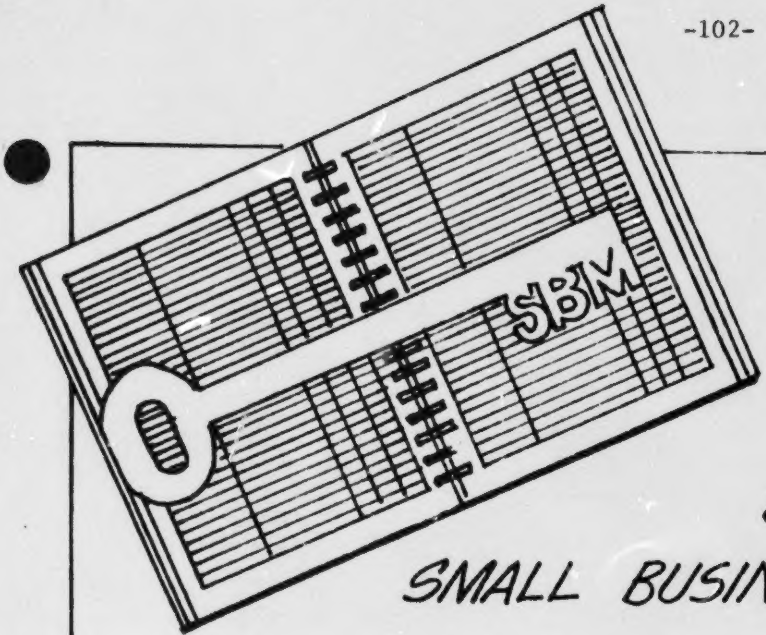
1. Plan your capital requirements.
2. Balance equity and debt.
3. Avoid excessive fixed assets.
4. Maintain adequate working capital.
5. Avoid excessive inventories.
6. Study the capital market.
7. Develop banking connections.
8. Don't borrow more than you need.



UNIT TOPICS
SMALL BUSINESS MANAGEMENT 1

UNIT I STIMULATING AN INTEREST IN SMALL BUSINESS MGT.
UNIT II SHOWING THE NEED FOR SMALL BUSINESS RECORDS.
UNIT III MEASURE OF SMALL BUSINESS FAMILY PROGRESS & USES OF SMALL BUSINESS AND HOME RECORDS.
UNIT IV WHY ARE INVENTORIES AN IMPORTANT PART OF SMALL BUSINESS RECORDS?
UNIT V KEEPING SMALL BUSINESS ACCOUNTS CURRENT.
UNIT VI THE BALANCE SHEET AND MONTHLY SUMMARY.
UNIT VII CASH FLOW AND CASH FLOW PROJECTIONS
UNIT VIII EMPLOYERS' RECORDS: SOC. SEC. & INCOME TAX.
UNIT IX UNEMPLOYMENT COMP., WORKMEN'S COMP. & FAIR LABOR STANDARDS ACT, OSHA & SAFETY CONSIDERATIONS.
UNIT X EMPLOYER-EMPLOYEE RELATIONS.
UNIT XI THE DEPRECIATION SCHEDULE.
UNIT XII INCOME TAX MANAGEMENT.
UNIT XIII THE END OF YEAR INVENTORY.
UNIT XIV CLOSING THE RECORD BOOK FOR ANALYSIS.

BIBLIOGRAPHY



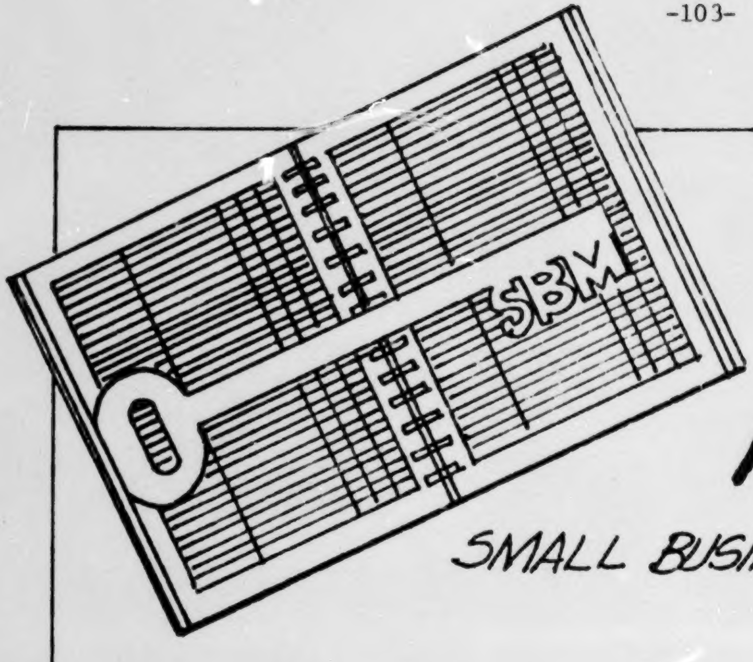
UNIT TOPICS

SMALL BUSINESS MANAGEMENT 2

SMALL BUSINESS ANALYSIS

UNIT I CALCULATING INCOME, SELF-EMPLOYMENT AND SOCIAL SECURITY TAXES
UNIT II MEASURES OF SMALL BUSINESS PROFIT
UNIT III MEASURES OF SMALL BUSINESS SIZE
UNIT IV GENERAL INTERPRETATION OF THE ANALYSIS
UNIT V THE IMPORTANCE OF INVENTORIES
UNIT VI ANALYZING THE CUSTOMER SERVICE DEPARTMENT
UNIT VII ANALYZING THE SIZE OF BUSINESS
UNIT VIII ANALYZING MECHANIZATION, LABOR, EQUIPMENT AND BUILDING COSTS
UNIT IX ANALYZING MAJOR DEPARTMENT EFFICIENCIES
UNIT X EVALUATION OF THE SMALL BUSINESS
UNIT XI INCOME TAX PLANNING AND MANAGEMENT
UNIT XII CLOSING THE SMALL BUSINESS ACCOUNT BOOK FOR ANALYSIS

BIBLIOGRAPHY



UNIT TOPICS

SMALL BUSINESS MANAGEMENT 3

SMALL BUSINESS REORGANIZATION

UNIT I ATTRIBUTES OF SUCCESSFUL SMALL-BUSINESS ENTREPRENEU

UNIT II DETERMINING THE MOST PROFITABLE LEVEL OF OPERATION.

UNIT III SELECTION OF DEPARTMENTS.

UNIT IV WHAT DO TWO YEARS OF RECORDS MEAN?

UNIT V EVALUATING THE CUSTOMER SERVICE DEPARTMENTS.

UNIT VI EVALUATING THE MAJOR DEPARTMENTS.

UNIT VII EVALUATING OVERHEAD AND GENERAL BUSINESS COSTS.

UNIT VIII MAXIMIZING INCOME.

UNIT IX MAXIMIZING INCOME... CONTINUED.

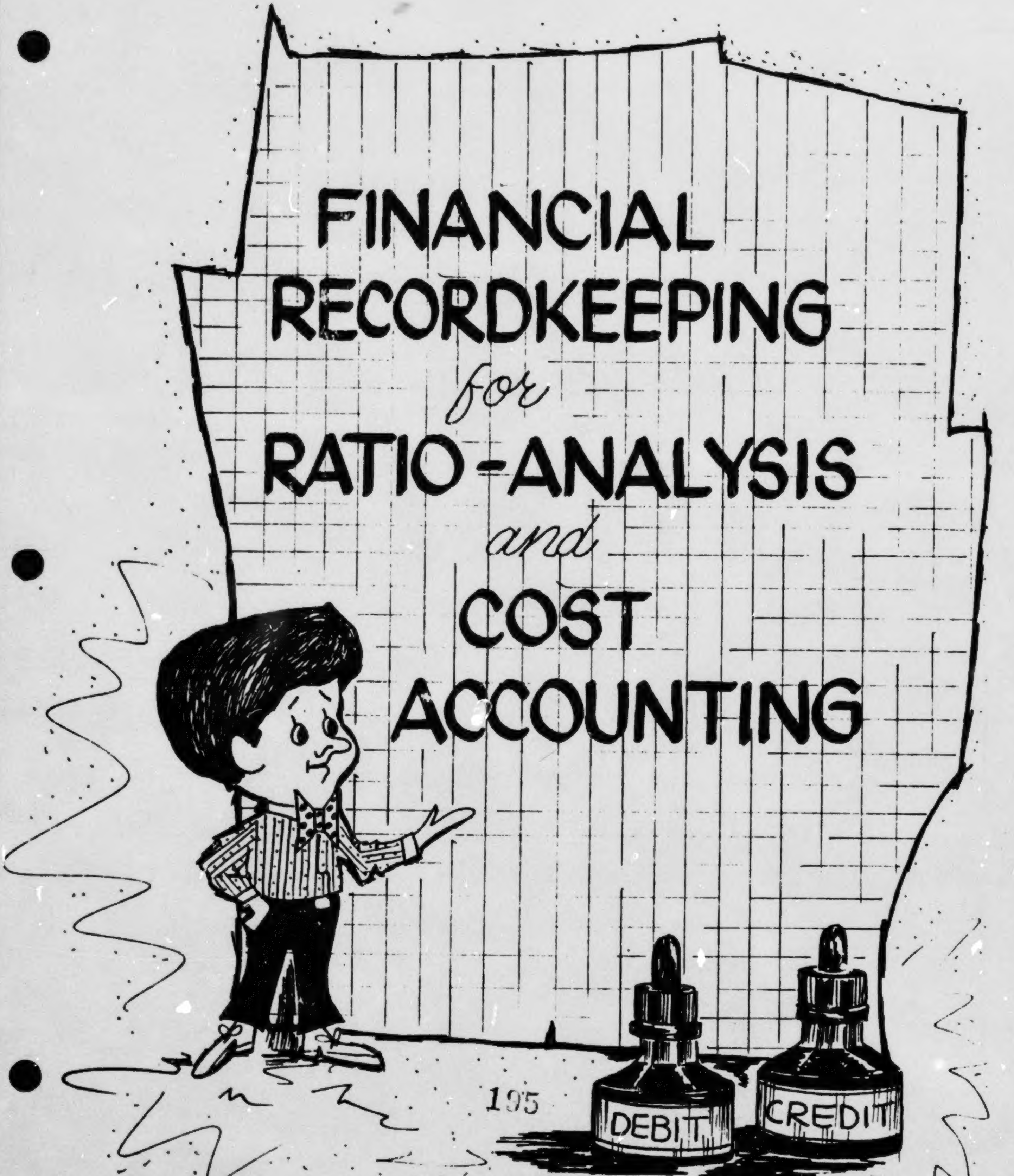
UNIT X MAXIMIZING INCOME... CONTINUED.

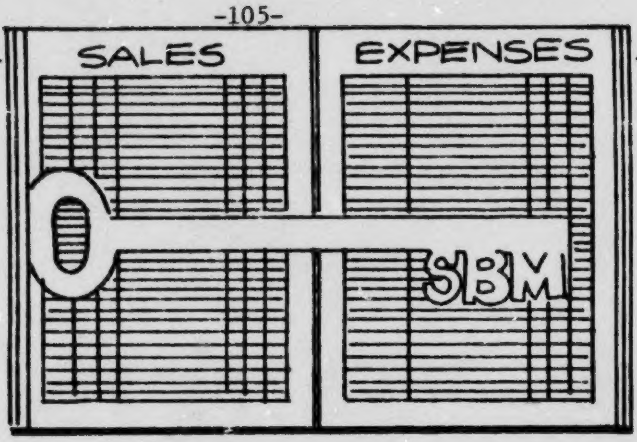
UNIT XI SITE, BUILDINGS, MERCHANDISE HANDLING

UNIT XII PLANNING TRANSITIONAL STAGES.

BIBLIOGRAPHY

FINANCIAL RECORDKEEPING for RATIO-ANALYSIS and COST ACCOUNTING





TYPES OF RECORDS
BUSINESS AND PERSONAL

SALES

1. SALES AND CASH RECEIPTS
2. ACCOUNTS RECEIVABLE

PURCHASES

1. ACCOUNTS PAYABLE

EXPENSES

1. BAD DEBTS
2. DEPRECIATION
3. CONTRIBUTION AND OTHER DEDUCTIONS
4. DISTRIBUTION... UTILITIES, SUPPLIES, RENT, ETC.

SUMMARY

1. STATEMENT OF INCOME
2. BALANCE SHEET

SPECIAL

1. INDIVIDUAL PAYROLL
2. INVENTORY
3. DEPRECIATION SCHEDULE
4. NOTES PAYABLE
5. INSURANCE RECORD

WHO?

ANYONE WHO IS INTERESTED IN IMPROVING THEIR BUSINESS SO IT CAN BETTER MEET PERSONAL AND FAMILY GOALS IS A GOOD CANDIDATE FOR SMALL BUSINESS MANAGEMENT INSTRUCTION. SINCE MANY BUSINESSES ARE FAMILY OPERATIONS, BOTH HUSBANDS AND WIVES ARE ENCOURAGED TO PARTICIPATE IN THE INSTRUCTIONAL PROGRAM IN CLASS AND IN THE BUSINESS.

WHERE?

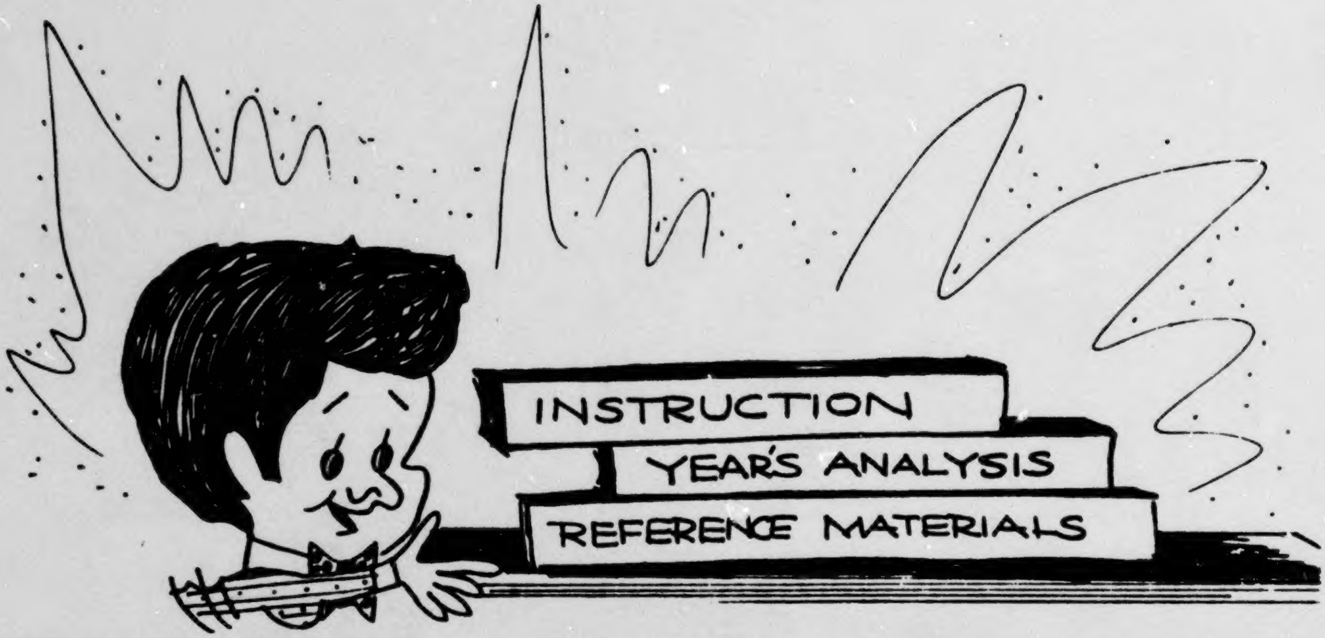
THE SMALL BUSINESS MANAGEMENT PROGRAM IS OPERATED THROUGH YOUR AREA VOCATIONAL TECHNICAL INSTITUTE. ASK THE DIRECTOR OF THE INSTITUTE OR THE SMALL BUSINESS MANAGEMENT INSTRUCTOR ABOUT THE EXACT TIME AND PLACE.

RESPONSIBILITY?

ALL COOPERATORS ARE EXPECTED TO KEEP AN ACCURATE, UP-TO-DATE RECORD OF ALL BUSINESS TRANSACTIONS AND IMPORTANT FAMILY EXPENDITURES. THEY SHOULD ALSO ATTEND CLASS REGULARLY AND BE AVAILABLE FOR AT-THE-BUSINESS INSTRUCTION. THEY MUST SUBMIT THE RECORD OF THEIR BUSINESS FOR CAREFUL ANALYSIS AT THE CLOSE OF THE BUSINESS YEAR.

TIME?

THE COURSE OF STUDY IS PLANNED FOR A THREE YEAR PERIOD. ONE FORMAL CLASS SESSION WILL BE HELD EACH MONTH. THE INSTRUCTOR WILL VISIT YOUR PLACE OF BUSINESS AT LEAST ONCE PER MONTH TO OFFER ANY INDIVIDUAL INSTRUCTION THAT MAY BE NEEDED.



HOW MUCH WILL IT COST?

THE FEE FOR THE COURSE WILL BE $______. INSTRUCTION, A YEARLY ANALYSIS OF YOUR BUSINESS AND SOME REFERENCE MATERIALS WILL BE COVERED BY THE FEE. NO OTHER COSTS ARE ANTICIPATED.

THE RESULTS?

THE RESULTS ARE UP TO YOU. AT THE END OF THE THREE YEAR COURSE YOU SHOULD BE WELL ON YOUR WAY TOWARD REACHING YOUR PERSONAL AND FAMILY GOALS.

WHAT MANAGEMENT EDUCATION FOR SMALL SMALL BUSINESS IS ALL ABOUT

Management education for small business entrepreneurs is not new. Short-term programs geared primarily to assist the operator during the initial stages of going into business and securing loans have long existed. However, this three-year program developed by the Agricultural Education Division of the University of Minnesota is a new approach to management education. Monthly classes for operators of on-going business concerns, monthly at-the-business instruction for each individual family and long-term assistance by the instructor provide the opportunities for the students to systematically analyze the business so that decisions can be made that will enable the family to attain its business and family goals.

Simply stated, the job of the management program is to take the business and family from where they are to where they want to be. For some, this may mean making the business more profitable. For others, it may mean organizing the business to give the family more leisure time. These family and business goals are the keys to program direction.

Accurate recordkeeping is stressed in the first year of study followed by two years of comprehensive study of business organization and analysis. Small group instruction is offered as needed to individuals who experience common management problems.

Students and Their Responsibilities

Any business operator interested in improving his or her business so it can better meet business, family and personal goals is a good candidate for small business management education. All participants are expected to keep an accurate, up-to-date record of all business transactions and important family expenditures. They should also attend class regularly and be available for at-the business instruction. They must submit the record of their business for careful analysis at the close of the business year.

Since many businesses are family operations, both husbands and wives are encouraged to particpate in the instructional program in class and at-the-business. Family involvement is facilitated by the emphasis on setting and working toward business and family goals.

The School and Costs

The small business management program is operated through local area vocational-technical institutes, community colleges or public school systems. Exact time and place are at the discretion of school directors and business instructors.

The fee for the course is small considering that instruction, yearly analysis of the business and reference materials are included in the tuition.

Remember, the results are up to the student! At the end of the three-year course of study, students should be well on their way toward reaching the business and family goals they have set for themselves.

ANOKA HENNEPIN AREA VOCATIONAL TECHNICAL INSTITUTE
Box 191, Anoka, MN 55303

SMALL BUSINESS ANALYSIS AGREEMENT

As a cooperator in the Vocational Small Business Management Analysis Program, I hereby agree to the following provisions:

1. That I will use a record keeping system that is adequate for business analysis during the years ______________ and will keep these records to the best of my ability:
   a. Inventories
   b. Cash expenses and receipts
   c. Non-business assets and liabilities
2. That I will make a tuition payment of $50 per quarter.
3. That I will attend group meetings of the Small Business Management Program regularly throughout the three year period.
4. That I will submit the necessary information from my account books for analysis in January of the following year.

As a representative of the Small Business Management Department, I agree to provide the following to the small business operator:

1. Assistance with establishing beginning inventories, and all other beginning entries.
2. To check the cooperator's record book periodically for accuracy and completeness.
3. At the end of the year, to prepare such necessary close-out summaries, and other additional forms as will be required by the analysis center.
4. To submit the close-out summaries from the record books to the analysis center for analysis.
5. To provide the cooperator with a copy of the completed analysis from his own business. To discuss with him the results of this analysis, particularly as to how it may be used to further improve his business.
6. To keep all matters pertaining to his business strictly confidential.

Date ____________________ ____________________
(Small Business Operator)

Received $____________________ ____________________
(Small Business Management Instructor)

Name ____

Home Address ____

Business Phone Number ____

Home Phone Number ____

Name of Business ____

Nature of Business ____

Business Address ____

Description of Business Location ____

____

Age ____

Highest Educational Attainment ____

Number of Years Operating This Business ____

Other Work Experience and Length of Time ____

____

____

____

____

Names of Children and Their Ages ____

____

____

____

Number of Hours of Unpaid Family Labor Per Week ____

List Membership of Any Organization ____

____

____

SMALL BUSINESS MANAGEMENT EDUCATION

Thief River Falls
Area Vocational Technical Institute
By Don Jonson

A class meeting usually relates to a specific area of concern in a business, such as inventories, depreciation and credit and collections. The next at-the-business session generally deals with follow-up if the business needs help in the area discussed. Personal attention is then given to his/her individual needs.

The first year a business is enrolled is primarily devoted to accounting. A good accounting base must be established before business managements tools can be effectively utilized. Attaining the ability to produce accurate financial and operating information in these businesses is stressed.

An annual business analysis is provided through the program. This comprehensive analysis enables the owner to recognize the strong and weak points in the business. For most members, this is the first time they have had available a true balance sheet and income statement. Of course the analysis goes beyond these reports in that it is a tool used for the purpose of an in-depth study of the business. Each continuing year of participation in the program will result in an annual analysis of the business enabling the owner to make comparisons from year to year. It is with the business analysis as a tool that the course title of Small Business Management becomes reality.

Curriculum content as written (Volume III) is directly pertinent to most businesses. The units are intended as a guide for both content and sequence, and must be expanded upon by the instructor with a view toward the needs of his/her participating businesses. Curriculum flexibility is a must, and also provision should be made in the class meeting for group inter-change of ideas and informative experiences. Many valuable points emerge during these discussions that would be virtually impossible to include in written form.

At-the-business instruction, the unique part of this program, is I believe the most meaningful, valuable and measurable part of the instructional program since the instructor is exposed to the real business problems faced by the business on a daily basis. Involved in these visits are all types of situations ranging from re-design of the entire operation to subsidiary record needs.

Problems, so immediate, some long term, are brought out. Financial problems have been prevalent this past year. Students are taught to complete a cash flow analysis, as well as account aging procedures. Employer/employee relations, tax reporting requirements for sales taxes and employee taxes are examples of some of the problem areas that arise.

Many people think of record keeping as maintaining a book record of income and expense. The record requirement in the business goes far beyond this, in that subsidiary records are needed for accounts receivable, accounts payable, notes receivable, floor plan notes, warranty procedures, inventory control, payroll records, to name a few. Most of the businesses that enroll do not have these records in use, but all recognize the need for them. I am enclosing a few sample forms provided for the use of the members which assist them in accomplishing some of their management tasks.

There are so many areas of concern that we can help the small businesses with that it is virtually endless. The greatest frustration it seems, is time.

There are so many things to be done, but not enough time to do it, consequently, although we would like to do many things in some of these businesses, we must "meter out" the changes in order to avert causing confusion. The business must continue operations, which takes priority on the owners time, therefore we must try to integrate change as time permits.

Another look at time is from the instructor's view. In order to maintain continuity with the business, a minimum of one "at-the-business" session should be scheduled per month. These visits generally last a minimum of 3 hours so the instructor can accomplish something of substance. I also feel that the maximum load for an instructor is 25 businesses during the first 3 years in the program.

I firmly believe we have the beginnings of one of the greatest programs the small business community has ever seen. We are, at this point, merely an embryo compared to the potential we have in the program.

I think we still have a job to do in communication. What is Small Business in terms of this program? I feel we should make it clear that this program is geared to the entrepreneur, the small-small business person. This is the forgotten person in most educational institutions.

NOTES

UNIT IV

ORGANIZING A RECORD KEEPING SYSTEM

Objective

At the end of Unit IV, the student should be able through simulation to keep a business record and account suitable for business analysis.

A. The Importance of Small Business Records

1. Have to convince clients that they are better off with an adequate record system than without. May need to use the strategy of identifying the many values of keeping records.

    a. Elicit from the class the various reasons they can think of for keeping records of the business and the family. Handout, "Ten Commandments for Small Business People That Want To Grow Profitably," IV-A-1a.
    b. Summarize with the visual, "Papers in Your Life," transparency IV-A-1.

2. Illustrate how business and family records can be used - short list - provide a short list of 9 things for which business and family records can be used in analyzing the business. Transparency IV-A-2.

3. Student handout, "Family Money Management System," IV-A-3. Use this handout to illustrate a complete system for managing personal finances.

B. Kind of Records that must be kept if the business is to be thoroughly analyzed. Use transparency IV-B to highlight a discussion on this topic. Items 1-6 and 9 are major business items, while items 7 and 8 are associated items.

1. Inventories - merchandise and/or raw materials
2. Depreciation schedules
3. Business assets & liabilities
4. Receipts and disbursements
5. Production records
6. Products or services used in the home
7. Non-business assets & liabilities
8. Household and personal receipts & expenses
9. Labor records

C. Setting Up a Record Keeping System: Transparencies IV-C-1, IV-C-2

1. Criteria that a record system should meet. Controversy between single and double entry systems is not so important if you consider what a record system is supposed to do. Use transparency IV-C-1 to illustrate the important criteria items to be considered when selecting a record keeping system for a small business management program.

   a. Acceptable to family and business
   b. Accurate
   c. Useful
   d. Acceptable to instructor
   e. Comprehensive
   f. Flexible

2. When viewing single and double entry record systems, study them carefully as each has advantages and disadvantages. Make advantages and disadvantages comparisons using transparency IV-C-2.

   Single Entry - Advantages

   a. Requires less skill in bookkeeping
   b. Suitable for small business with limited complexity
   c. Easy to learn
   d. Takes less time
   e. Not as many entries - less chance for error

   Single Entry - Disadvantages

   a. Harder to detect errors
   b. Fewer procedures for cross checking records
   c. Less readily accepted by credit and banking

   Double Entry - Advantages

   a. Can handle more sophisticated business
   b. Standard procedure taught in most schools - more apt to learn
   c. Better mechanism for locating errors
   d. Understood by more people in credit & banking
   e. More adaptable to computerization

   Double Entry - Disadvantages

   a. Harder to learn - more complex
   b. More entries - greater chance of recording error
   c. Requires more time

D. Chart of Accounts for SBM Education (Utilize Chart of Accounts Section from SBM Volume II Business Analysis and transparency IV-D)

1. Useful with either double or single entry system.
2. Organized so it is adaptable to computerization with almost any firm in the business.
3. Automatically keyed to the business analysis.
4. Provides departmentalization of the business.
5. Organization of Chart of Accounts:

    100 - 199 Assets
        100 - 119 Current Assets
        120 - 157 Department Merchandise Inventory Accounts
        158 - 179 Other Current Assets
        180 - 189 Fixed Assets
    200 - 299 Liabilities
    300 - 399 Equity Accounts
    400 - 499 Sales & Revenue
    500 - 599 Purchases & Cost of Goods Sold
    600 - 699 Expenses
    700 - 749 Sales of Assets
    750 - 779 Purchase on Assets
    780 - 899 Personal Expenses
    001 - 099 Other Categories

Student Activity: Using the Chart of Accounts, set up a record system chart of accounts for a small business: 1) Single Operator, 2) Three Departments and 3) One hired worker. Read, Broom-Longenecker, Small Business Management, 4th Edition, Chapter 20-21, and Small Business Management Volume II, Business Analysis.

TEN COMMANDMENTS FOR SMALL BUSINESS PEOPLE THAT WANT TO GROW PROFITABLY

1. THOU SHALT EMPLOY AN ACCOUNTANT.
2. THOU SHALT DRAW A FIXED SALARY. THERE WILL BE NO DIPPING AS NEEDED IN THE "TIL".
3. THOU SHALT LET THEY INVESTMENT REMAIN IN THE BUSINESS AND GROW.
4. THOU SHALT BE GLAD TO GUARANTEE BANK CREDIT LINES PERSONALLY.
5. THOU SHALT NOT EXPAND FOR EXPANSIONS SAKE. THOU SHALT CAREFULLY PLAN ALL MOVES AND CAPITOL REQUIREMENTS.
6. HONOR THE OPINION OF THY BANKER, ACCOUNTANT, ATTORNEY, CONSULTANT, IRS, SBA, OSHA, SCORE, AND ETC.
7. THOU SHALT STAY ON TOP OF THE ACCOUNTS RECEIVABLE AND TAKE CARE OF ACCOUNTS PAYABLE.
8. THY REPUTATION FOR HONESTY AND PROMPTNESS SHALL PRECEDE THEE THROUGHOUT ALL THY SUPPLIERS AND CUSTOMERS.
9. THY ANNUAL STATEMENTS SHALL BE PROMPTLY PREPARED AND SIGNED BY QUALIFIED ACCOUNTANTS. THY FINANCIAL INFORMATION SHALL BE UP TO DATE MONTHLY FOR THY STUDY AND IMPROVEMENT.
10. THOU SHALT NOT PLAN FOR EARLY RETIREMENT. THOU SHALT EXPECT TO WORK 12-14 HOURS EACH DAY. YOU SHALL BRING JOY TO MANY WITH YOUR ENTHUSIASM FOR GENERATING GOOD FOR MANKIND. YOU SHALL MAKE A PROFIT.

PAPERS IN YOUR LIFE

VALUE OF KEEPING RECORDS

1. HELPS YOU SEE THE RELATIONSHIP BETWEEN INCOME & EXPENDITURE.
2. HELPS YOU LIVE WITHIN WHAT IS AN ADEQUATE INCOME,
3. HELPS YOU SET PRIORITIES IN SPENDING, FIND THE LEAKS & STOP THEM.
4. HELPS YOU PLAN TO GET THE MOST OUT OF SPENDING, TO ELIMINATE HAPHAZARD BUYING, TO THINK OF ALTERNATIVES.
5. HELPS CHILDREN ACQUIRE GOOD MONEY MANAGEMENT HABITS.
6. HELPS YOU PREPARE INCOME TAX RETURNS AND CLAIM DEDUCTIONS.
7. HELPS YOU ESTABLISH FAMILY'S NET WORTH.
8. HELPS YOU PLAN HOW TO SPEND TIME AND ENERGY AS WELL AS MONEY.
9. HELPS YOU DECIDE WHICH ITEMS ARE MOST ECONOMICAL TO BUY, WHAT TO MAKE, WHAT TO DO WITHOUT, AND WHAT TO PRODUCE AT HOME.
10. HELPS FAMILY SEE WHAT IT CAN AFFORD TO BUY AND WHEN IT MAY BE PURCHASED.
11. HELPS PREVENT CONFLICT AMONG FAMILY MEMBERS FOR THEIR SHARE OF THE FAMILY INCOME.
12. REMIND FAMILY MEMBERS OF THEIR UTLIMATE GOALS & TEACHES THEM TO THINK OF MONEY IN TERMS OF THESE GOALS.
13. SHOWS DATE OF PURCHASE OF IMPORTANT ITEMS.
14. SHOWS PERCENTAGE OF INCOMES SPENT ON EACH CLASSIFICATION AND HELPS ALLOCATE EXPENDITURES WITH DUE REGARD TO THEIR RELATIVE IMPORTANCE.
15. SHOWS PROGRESS TOWARD ATTAINING GOALS AND INDICATES WHETHER THESE GOALS ARE AS SATISFYING AS EXPECTED.
16. SHOWS YOU WHERE DECREASES OR INCREASES IN EXPENDITURES MAY BE MADE WHEN INCOME CHANGES.
17. HELPS YOU UNDERSTAND THE DURABILITY OF ARTICLES.

18. SHOWS YOU WHEN AND HOW MUCH TO BUY, MONTHS OF SALES FOR VARIOUS ITEMS, ITEMS USED TO WARRANT PURCHASING IN LARGE QUANTITIES, TO SAVE MONEY, TIME AND THOUGHT, LESS FREQUENT PURCHASING AND ORDERING.
19. MAY SHOW YOU JUSTIFICATION FOR PURCHASE OF NEW EQUIPMENT.
20. SHOWS YOU CHRONIC SMALL LUXURIES--AMOUNTS SPENT IN SMALL DRIBBLES THAT OTHERWISE COULD PURCHASE A MORE EXPENSIVE AND DESIRED ITEM.

"BECAUSE OF LITTLE EXPENSES, A SMALL LEAK WILL SINK A GREAT SHIP."

BENJAMIN FRANKLIN

COMPLETE BUSINESS AND FAMILY RECORDS CAN BE USED TO:

DETERMINE	BUSINESS INCOME
FURNISH	INFORMATION NECESSARY FOR INCOME TAX
OBSERVE	FINANCIAL PROGRESS
FIND	DEPARTMENTS WHICH ARE MOST PROFITABLE
DETERMINE	WEAKNESS AND STRENGTH IN THE BUSINESS
PRESERVE	INFORMATION ABOUT THE BUSINESS
SUPPLY	INFORMATION FOR OBTAINING CREDIT
PROVIDE	DATA FOR A COMPLETE BUSINESS AND FAMILY ANALYSIS
EVALUATE	PERSONAL SPENDING

THE
KEEP IT SIMPLE
DO IT NOW
FAMILY FIGHT PROOF
FAMILY MONEY MANAGEMENT SYSTEM

GUARANTEE -

1) Long term goals will be met.

2) Family financial tensions will be reduced.

3) Keeping up shouldn't take more than one hour per week.

Bruce E. Browning
SBM Instructor
Whatcom Community College
1977

FAMILY MONEY MANAGEMENT SYSTEM

Introduction

Why does the word budget mean negative things to many people? It can mean distress, restriction, lots of nitty picky work, and as many more feelings as people can think of to avoid getting started on a sound financial management system.

Budgeting or money management as I prefer to call it does not have to have these negative connotations.

Consider this --

Money Management can and will:

-- Let you attain real financial goals
-- Reduce family financial anxiety
-- Let you truly enjoy the fruits of your labor

Let's Get With The Program -- OK!

FAMILY MONEY MANAGEMENT SYSTEM

Long Term Financial Goals

What do we want in the future?

Name ______________________________

	Total Amount					
What? In Priority	1978	1979	1980	1981	1982	Beyond
1.						
2.						
3.						
4.						
5.						
6.						
TOTALS						

Be realistic - Do in pencil - with eraser handy.

1) Calculate amount required to go into goal savings account each month to reach goals.

2) Change goals if situation changes. Keep goal oriented summary.

	Amount	Divide By		Monthly Deposit Amount
1978	____________	18	=	____________
1979	____________	30	=	____________
1980	____________	42	=	____________
1981	____________	54	=	____________
1982	____________	66	=	____________
		TOTAL		____________

Interest on Goal Savings Account will give you additional funds to allow for changes in goal cost.

FAMILY MONEY MANAGEMENT SYSTEM

Date ____________

Where do we stand financially now?

Name ____________________

Cash in Bank ________
Savings ________
TOTAL ________

Savings Bonds ________
Stocks & Bonds ________
Mutual Funds ________
Cash Value Life Insurance ________
Money Loaned to Others ________
TOTAL ________

Home and Property ________
Other Real Estate ________
Automobile ________
Business Interest ________
Personal Property ________
TOTAL ________

Inflated amount of Home and Property over Purchase Price ________

TOTAL ASSETS ________

Unpaid Bills:
Charge Accounts ________
Charge Cards ________
Insurance ________
Taxes ________
Other ________
TOTAL ________

Installment Loans Amount ________
Yet to Pay ________
Automobile ________
Other ________ ________
Other ________ ________

Balance on Bank Loans
________ ________
________ ________

TOTAL OWED ________

Amount of Family Worth ________

New Loans and Installment Contracts During Year 1977

	Date	What For & Who	Amount	Interest	%	Payment Amount	Months
1.							
2.							
3.							
4.							

New Bank Loans and/or Mortgage Loans During Year

	Date	What For & Who	Amount	Interest	%	Payment Amount	Months
1.							
2.							
3.							
4.							

FAMILY MONEY MANAGEMENT SYSTEM

Date ______________________

Important Financial Stuff

Who With	Amount	Monthly	Quarterly	Annual
1) Life Insurance				
2) House and Contents Insurance				
3) Automobile Insurance				
4) Mortgage Payments				
5) Automobile Payments				
6) Bank Card Balances				
7) Other Account Balances				

FAMILY MONEY MANAGEMENT SYSTEM

General Budget System Operating Instructions

1. Make budget expense amounts comfortable within the framework of actual income.

2. All entries to budget records are made in whole dollar amounts to the nearest dollar.

3. As budget situations change, income or expense, make monthly average revision on budget control sheet. Make revisions only as income permanently changes or expense amount is unworkable. Stay within income amount.

4. Do not allow record keeping to fall behind or become inaccurate. Write cash expenses down as they occur. Don't trust your memory.

Daily - Enter cash expenditures on cash expense card as they occur. Use actual amount not whole dollar amount.

- Make check amounts for amount of purchase. If you need cash make out check for cash not over amount of purchase.

- Keep charge or charge card slips with cash expense card.

Weekly - Total cash expense card and transfer whole dollar totals to monthly budget worksheets. Note tax deductible amount on worksheet.

- Enter charge and charge card slips in monthly budget worksheets by expense classification.

- Enter checks written in monthly budget worksheets by expense classification. Be careful on payments to charge or charge card accounts to enter only amount to account repayment of the amount over current charges (current charges have been expensed from charge slips). The old balances previous to starting this budget will disappear.

Monthly - Total amount columns on monthly budget worksheets and transfer to budget control sheet.

- Enter income amount from checking account deposits and total.

- Calculate differences between estimates and actual for income and expenses. Show under-received income and over-spent expenses with brackets ( ).

- Check each item to see how you are doing actual to estimate.

FAMILY MONEY MANAGEMENT SYSTEM

Check Book Operation

1. Make checks for exact amount of purchases.
2. Replenish cash supplies with a single check.
3. Reconcile checkbook immediately on receiving bank statement.
4. Circle tax deductible items.
5. Show complete information on each check entry.
6. If pay to information not sufficient for budget classification, show expense classifications.

Check Book Reconciliation

1. Verify deposits on statement with checkbook entries. Check off deposits in check book record.
2. Verify checks with entries on statement.
3. At this point if either checks of deposits disagree with statement, take to bank and get correction made.
4. Check off each check by number and amount with checkbook record.
5. Add up all checks on your record that have not been returned to you as paid.
6. Enter service charge as if a check and reduce checkbook balance by charge amount.
7. Take ending balance of bank statement, add deposits not checked off in checkbook record. Subtract amount of unpaid checks from No. 5 above. The answer you get should be the same as your checkbook balance. If not---

   Before kicking the cat, dumping the kids mush over his head, or beating your head on the wall, check the following in order:

   a. Subtraction of check amounts from previous balance.

   b. Deposits added in properly.

   c. Numbers transposed such as $10.62 instead of $10.26.

   If still not right, do what's necessary and then start reconciliation again from the start.

FAMILY MONEY MANAGEMENT SYSTEM

Budget Method for Handling Purchases on Sales Contract or Cash Loan

1. Determine before purchase if loan repayment amount each month will fit into total budget amount and individual category amount.

2. Enter monthly payment amount in monthly budget worksheet each month as payment is made on proper Monthly Budget Worksheet.

3. Don't consider interest expense at this time for tax purposes. This will be done at year end.

4. Enter new loans and/or sales contracts on bottom of balance sheet.

FAMILY MONEY MANAGEMENT SYSTEM

Budget Method for Handling Charge or Charge Card Purchases

1. Enter charge sales on budget worksheet from charge slips each week at same time as cash expenditures. Be sure you keep all charge sales slips for entry.

2. When you make payment each month, check sales slips against current charges. Make check amount for current charges and do not post to budget worksheet as these charges have already been posted to worksheet.

3. If you are working off old balance on charge or charge card accounts the amount of deduction (difference between check amount) is to be posted to loan repayment category on budget control sheet.

FAMILY MONEY MANAGEMENT SYSTEM

Budget Method of Getting Current on Retail Accounts Bank Cards, Oil Company Cards, Etc.

1. Determine amount necessary to pay off all past due accounts. Consider all retail accounts, medical accounts, and credit card accounts. Past due here is to mean all charges not paid except current (last month) charges.

2. Consider alternative methods of paying off accounts:

    a. Negotiate bank loan with a sufficient number of months to pay off that will fit into ability to pay each month. You may want to consider delaying goal savings account deposits during this time or reducing goals during pay off period. Bank loans could save you interest.

    b. Continue paying off accounts by making required payment each month plus paying current charges.

    c. Assets which are saleable and not really needed or used can be sold to generate cash to pay off accounts.

3. Pick the method that will work for you and do it - with firm conviction.

FAMILY MONEY MANAGEMENT SYSTEM

Weekly Cash Expenditures

Food	Recreation	Auto	Fam Nec	Donations	Other - What	Amount
					←—Totals Week Ending	

Instructions for Use:

1. Start new form the beginning of each week - folds to convenient size for billfold or coin purse.
2. Keep track of all cash expenditures - circle those which are tax deductible.
3. Total the end of each week and enter totals to budget sheets. Enter those under other individually to budget sheet.

FAMILY MONEY MANAGEMENT SYSTEM

Monthly Budget Worksheet

Mo.______ Yr.______

Expense Classification ____

Date	Item	Amount	Balance	Tax Deduction Amount & Description
XXX	XXX	XXX		XXX

Instructions:

1. Enter budget amount in balance column on 1st of month using amount on budget control sheet.
2. Enter cash expenditures at end of each week from weekly cash expenditure card. Also enter charge slips or credit card slips.
3. Enter checks written at end of each week.
4. Transfer total amount column to budget control sheet at end of month.
5. Keep watch on budget balances as month progresses. Avoid month end starvation - plan ahead.

NOTE: Make entries to the nearest whole dollar .01 to .50 - .51 to .99

FAMILY MONEY MANAGEMENT SYSTEM

Budget Control Sheet

Name ______________________________

	January			February			March			Revision	April			May			June			Revision
	Budget	Actual	Var.	Budget	Actual	Var.	Budget	Actual	Var.		Budget	Actual	Var.	Budget	Actual	Var.	Budget	Actual	Var.	
Income (Take Home)																				
Husband																				
Wife																				
Other																				
TOTAL																				
Expenses (Fixed)																				
Housing (15-30%)																				
Utilities (4-7%)																				
Medical (4-8%)																				
Life Ins.*																				
Expenses (Variable)																				
Food (15-30%)																				
Recreation (4-7%)																				
Auto (6-20%)																				
Fam Nec (2-4%)																				
Clothing (3-8%)																				
Gifts*																				
Donations*																				
Goal Savings																				
Savings (5-9%)																				
Pay on Assets																				
Other																				
Loan Repayment																				
TOTAL																				
Over/Under																				

KINDS OF RECORDS THAT MUST BE KEPT

1. INVENTORIES
2. DEPRECIATION SCHEDULES
3. BUSINESS ASSETS AND LIABILITIES
4. RECEIPTS AND DISBURSEMENTS
5. PRODUCTION RECORDS
6. PRODUCTS USED IN THE HOME
7. NON-BUSINESS ASSETS AND LIABILITIES
8. HOUSEHOLD AND PERSONAL ACCOUNTS
9. LABOR RECORDS

CRITERIA OF A RECORDS SYSTEM FOR SMALL BUSINESS MANAGEMENT

1. MUST BE ACCEPTABLE TO THE BUSINESS FAMILY.
   - A. MUST REQUIRE ONLY A REASONABLE AMOUNT OF RECORDKEEPER'S TIME.
   - B. MUST BE AVAILABLE AT REASONABLE COST.
   - C. MUST BE OF IMMEDIATE AND POTENTIAL VALUE TO THE FAMILY IN PLANNING, ORGANIZING AND MANAGING THE BUSINESS.

2. MUST BE AN ACCURATE SYSTEM ADAPTABLE TO ELECTRONIC DATA PROCESSING.
   - A. MUST HAVE CROSS CHECKING FEATURES TO INSURE ACCURACY.
   - B. MUST BE SIMPLE TO CLOSE OUT AND PREPARE FOR ANALYSIS.
   - C. REPORTS MUST BE AVAILABLE TO THE BUSINESS PERSON WITH LITTLE DELAY AFTER THE CLOSE OF THE BUSINESS YEAR.

3. MUST BE USEFUL TO THE BUSINESS FAMILY.
   - A. MUST PROVIDE COMPLETE AND ACCURATE INFORMATION FOR INCOME AND SOCIAL SECURITY TAX REPORTING.
   - B. MUST PROVIDE A PERMANENT RECORD OF QUANTITIES, PRICES, PRODUCTION, SALES AND EXPENSES.
   - C. MUST PROVIDE INFORMATION USEFUL TO THE FAMILY FOR THE ORDINARY CONDUCT OF THE BUSINESS AS WELL AS FOR FUTURE PLANNING.

4. MUST BE ACCEPTABLE TO THE SBM INSTRUCTOR.
   - A. MUST REQUIRE ONLY A REASONABLE AMOUNT OF TIME TO SUPERVISE.
   - B. MUST PROVIDE INFORMATION WHICH LENDS ITSELF TO INTERPRETIVE STUDY WHICH IS ADAPTABLE TO CLASSROOM AND ON-SITE INSTRUCTION.
   - C. MUST BE AN ATTRACTIVE PACKAGE THAT IS SALEABLE TO BUSINESS FAMILIES AND TO THE COMMUNITY.

5. MUST BE COMPREHENSIVE.
    - A. MUST PROVIDE FINANCIAL DATA ON THE ENTIRE BUSINESS.
    - B. MUST PROVIDE MEASURES OF FINANCIAL PROGRESS FOR THE BUSINESS FAMILY.
    - C. MUST PROVIDE FINANCIAL AND EFFICIENCY INFORMATION FOR ALL BUSINESS DEPARTMENTS.
6. MUST BE FLEXIBLE ENOUGH TO BE ADAPTABLE TO CHANGING TECHNOLOGY AND NEEDS.

ADVANTAGES & DISADVANTAGES COMPARISONS

SINGLE & DOUBLE ENTRY SYSTEMS

SINGLE ENTRY

ADVANTAGES:

A. REQUIRES LESS SKILL IN BOOKKEEPING
B. SUITABLE FOR SMALL BUSINESS WITH LIMITED COMPLEXITY
C. EASY TO LEARN
D. TAKES LESS TIME
E. NOT AS MANY ENTRIES - LESS CHANCE FOR ERROR

DISADVANTAGES:

A. HARDER TO DETECT ERRORS
B. FEWER PROCEDURES FOR CROSS CHECKING RECORDS
C. LESS READILY ACCEPTED BY CREDIT & BANKING

DOUBLE ENTRY

ADVANTAGES:

A. CAN HANDLE MORE SOPHISTICATED BUSINESS
B. STANDARD PROCEDURE TAUGHT IN MOST SCHOOLS - MORE APT TO LEARN
C. BETTER MECHANISM FOR LOCATING ERRORS
D. UNDERSTOOD BY MORE PEOPLE IN CREDIT & BANKING
E. MORE ADAPTABLE TO COMPUTERIZATION

DISADVANTAGES:

A. HARDER TO LEARN - MORE COMPLEX
B. MORE ENTRIES - GREATER CHANCE OF RECORDING ERROR
C. REQUIRES MORE TIME

CHART OF ACCOUNTS

- 100 - 199 Assets
  - 100 - 119 Current Assets
  - 120 - 157 Department Merchandise Inventory Accounts
  - 158 - 179 Other Current Assets
  - 180 - 189 Fixed Assets
- 200 - 299 Liabilities
- 300 - 399 Equity Accounts
- 400 - 499 Sales & Revenue
- 500 - 599 Purchases & Cost of Goods Sold
- 600 - 699 Expenses
- 700 - 749 Sale of Assets
- 750 - 779 Purchase on Assets
- 780 - 899 Personal Expenses
- 001 - 099 Other Categories

UNIT V

KEEPING SMALL BUSINESS RECORDS

Objective

At the end of this unit the student should be able through simulation, to close a business account for analysis and complete the analysis of the business. And to demonstrate his/her understanding of the business by a narrative interpretation of the simulated business.

A. How to Keep Small Business Records

1. What is takes to be a good recordkeeper: Transparency V-A-1

    a. Interest
    b. Motivation
    c. Attention to detail
    d. Knowledge of how records will be used
    e. Ability to develop good record habits
    f. Ability to follow directions

2. Information you can use to assist families in the task of keeping records. Use transparencies V-A-2a-2e to lead the discussion on record keeping tips.

    a. Keeping your account book up to date.
    b. How to keep receipt and expense information.
    c. Purpose of household and personal accounts.
    d. Some tips on keeping a good depreciation schedule.
    e. Why keep non-business assets and liabilities.
    f. How records can be used to manage taxes.

3. Student exercise (utilize sample problem in SBM Volume II, Business Analysis). Complete the sample program in a Data-Rite, Management Controls or other suitable business record systems.

    a. Instructions for keeping a sample small business record.
    b. Familiarization with Brown Furniture Co.
    c. This can be a double or single entry exercise.
    d. Start entries with January.
    e. Illustrate how records can be kept - point out some special rules for household and personal.
    f. Get class started on record problem in class - spend 1-2 hours in class so everyone is familiar with the general system.

B. Closing the Account for Analysis: Use transparency V-B to outline the discussion on closing procedures.

1. Sales and Cash Receipts
    - a. Total quarterly sales for all columns.
    - b. Check to determine if Σ Dept. Totals = Total Sales.
    - c. Make summary page of transfers out.
2. Purchases Summary
    - a. Total quarterly purchases for all columns.
    - b. Check to determine if Σ Depts. Totals = Total Purchases.
    - c. Make a summary page of transfers in.
3. Monthly Expenses
    - a. Total quarterly expenses for all columns.
    - b. Check to determine if Σ Items Totals = Total Expenses. (Note included in column 4A, 4B and 4C)
    - c. Note those expense columns which should be part personal share, calculate $ for business.
4. Payroll Accounts
    - a. Total all columns in payroll account.
    - b. Determine hours worked by each employee.
5. Proprietors Draw Account
    - a. Calculate total draw.
    - b. Determine hours worked by proprietor.
6. Loan and Note Record
    - a. Determine total money borrowed for year.
    - b. Determine total principle and interest payment.
    - c. Check calculated balance on principle against record of liability.
7. Merchandise Inventory
    - a. Record value of ending inventory.
    - b. Checks units on hand, ending inventory, against inventory control sheet, reconcile difference, if any.
8. Depreciation Schedule
    - a. Complete schedule, account for items added and items deleted, sold, traded.

    b. Total all columns in the categories used in the balance sheet.

  9. Accounts Payable

    a. Complete accounts payable aging schedule.

  10. Accounts Receivable

    a. Complete accounts receivable aging schedule.

  11. Personal Assets and Liabilities

    a. Record ending inventories - reconcile liabilities.

  12. Household and Personal Accounts

    a. Total

C. Checking the Reliability of the Record. Use the transparencies indicated to discuss the three important accuracy checks listed below.

  1. Liabilities Check, transparency V-C-1
  2. Cash Reliability, transparency V-C-2
  3. Simple Records Check, transparency V-C-3

D. Completing Data Sheets for the Business Analysis (Utilize SBM Volume II, Business Analysis)

  1. Identify business via code number.

  2. Using the Instructions for Completing Data Sheets

    a. Use of whole numbers.
    b. Dividing expense via departments.
    c. Checking procedures
        Depts. = Total Business Share
      Business Share = £ Depts. & Household and Personal
    d. Procedures for accuracy, recording and verification.

  3. General Layout of Data Forms, Form 1

    a. Identifying sources of information.
    b. Suggested order for recording inventories:
      1) Inventories - Beg.-End.-Merchandise
      2) Inventories - Depreciation Schedule
      3) Accounts Receivable (Inventories)
      4) Accounts Payable (Inventories)
      5) Household and Personal Assets
      6) Cash Record

c. Sales
   1) Sales journal for merchandise
   2) Sales journal for other income
   3) Combination sales journal and depreciation schedule for capital assets.

d. Merchandise purchased inventory (expense journal for consumable supplies).

4. General Layout of Data Form 2

   a. Expense distribution from expense summary.
      1) Notation for Household and Personal Share
   b. Supplementary information form for labor information - family data.
   c. Household and Personal expense section.
   d. Loan and Note record.

E. Completing the Worksheets for Hand Analysis

1. Essential to follow directions precisely.

Student Activity: Have the students take the I.Q. Exam, found as Appendix V-E-1.

2. Worksheets should be completed in order.

3. Completed data should be transferred to business analysis printout format.

4. Work in pencil.

F. What does the analysis show? How is it put together? (Utilize the interpretation section of SBM, Volume II, Business Analysis)

1. Table 1

   a. Reviews some of the common measures of size (Line 1-6).
   b. Give a picture of all of the non-cash fixed and current assets invested in the business. Since cash is not "invested" it is not included. Receivables and cash are both important to the business, but do not reflect the non-reversible decisions the operator has made to invest. The reasons for excluding cash, receivables and other cash type assets will become more clear in later tables.

2. Income and Expense Statement

    a. Note non-standard measures used in devising table (similarities with farm system) - does not use "cost of goods sold" approach, but rather total non-cash and cash income and cash and non-cash expenses.
    b. Two items are major departure from standard profit and loss statement:
        1) Interest on capital invested.
        2) Value of unpaid family labor.
        3) Objective is to build in comparability to single operator business with equal capital investment. Uses residual method of arriving at returns to operators labor and management. Sometimes referred to as partitioning earnings.
    c. Return to capital, family labor and management is equivalent to profit.
    d. Useful page for determining net cash flow, illustrates categories in which cash must flow, excludes payback on indebted uses since that is a function of earnings.
    e. Return to capital, family labor and management is best measure of total business output and is most definitive of the source of the income.
        1) Possible to have a fair "profit" from business but discover it is all from capital invested - some from labor and management. Introduces the concepts of opportunity costing.

3. Income and Expense Statement (P&L)

    a. Standard P&L Statement.
    b. Uses cost of goods sold technique.
    c. Groups or categorizes expenses.
    d. Loses some information by grouping, relates % to total sales.

4. Net Increases and Decreases

    a. Returns and net increases are gross margins by department -Σ Dept. (Including family living).
    b. Expenses and net decreases are the costs of ownership and operation.
    c. Provides a much better picture of the "net result" of the business activity in each of the areas of income and expenses.
    d. One of the most valuable tables in the analysis.

5. Balance Sheet - Business Only
    a. Through line 32, it is a standard balance sheet much like the one in the Account Book.
    b. Owners equity (L31) is synomous with business net worth - shows progress in the growth of business but may not be best measure of business progress since it does not take into account the income taken out of the business. Business may retain the same net worth but may be rapidly expanding and producing higher income - or may simply be more efficient.
    c. Ratios are expressed in understandable terms - no fancy liabilities! Read in order listed - Current assets/current liabilities = 4.18 4:18 : 1.
    d. A-1 ratios based on business only - personal assets and liabilities don't enter into formula.
6. Net Worth Statement
    a. Includes personal as well as business assets and liabilities.
    b. Gain or loss in net worth is best measure of progress.
7. Household and Personal Expenses
    a. Categorized by common household budget items.
8. Measures of Business Organization and Efficiency
    a. Size
    b. Labor efficiency
    c. Overhead
    d. Turnover
    e. Credit control
    f. Ratio analysis
9. Departmental Statements
    a. Tie back to returns and net decreases - Table 3.

WHAT DOES IT TAKE TO BE A GOOD RECORD KEEPER?

INTEREST

MOTIVATION

ATTENTION TO DETAIL

KNOWLEDGE OF HOW RECORDS WILL BE USED

ABILITY TO DEVELOP GOOD RECORD KEEPING HABITS

ABILITY TO FOLLOW DIRECTIONS

KEEP YOUR ACCOUNT BOOK UP TO DATE

1. GET FAMILIAR WITH YOUR ACCOUNT BOOK AND KNOW WHERE IN YOUR ACCOUNT BOOK TO MAKE PROPER ENTRIES.
2. DEVELOP A SYSTEM.
3. RECORD QUANTITIES, PRICE AND TOTAL VALUE OF ALL SALES.
4. CHARGE PURCHASES TO THE PROPER DEPARTMENTS.
5. RECORD AMOUNTS, PRICE AND TOTAL COST OF ALL PURCHASES.
6. IDENTIFY BUSINESS SHARE OF AUTO, TRUCK, UTILITIES, ETC.
7. REMEMBER YOUR HOUSEHOLD AND PERSONAL SECTION.

RECEIPTS AND DISBURSEMENT TRANSACTIONS SHOULD INCLUDE:

1. DATE OF THE TRANSACTION.
2. AN ADEQUATE DESCRIPTION FOR HISTORICAL REFERENCE.
3. QUANTITIES BOUGHT AND SOLD.
4. ACCURATE RECORDING OF VALUES.
5. PROPER DISTRIBUTION AMONG DEPARTMENTS.
6. GROSS SALE VALUES OR PURCHASE COSTS.
7. PROPER DISTRIBUTION BETWEEN BUSINESS AND PERSONAL ACCOUNTS.
8. PROPER DISTRIBUTION TO APPROPRIATE DEPARTMENT.

HOUSEHOLD AND PERSONAL ACCOUNTS HAVE A PURPOSE IN ANALYSIS OF THE BUSINESS

1. THEY ILLUSTRATE THE LEVEL OF PERSONAL SPENDING.
2. THEY SHOW THE DISTRIBUTION OF PERSONAL SPENDING AMONG BUDGETING CATEGORIES.
3. THEY RECORD PERSONAL TAX DEDUCTIONS.
4. THEY ARE NECESSARY TO DETERMINE RECORD ACCURACY.
5. THEY MOTIVATE THE FAMILY TO PARTICIPATE IN RECORD KEEPING.

DEPRECIATION SCHEDULE

1. USE INCOME TAX SCHEDULE AS BASE.
2. REVIEW MACHINERY, EQUIPMENT AND BUILDING INVENTORY TO BE SURE ALL ITEMS ARE LISTED.
3. ADOPT UNIFORM PROCEDURE FOR ALL NEW ASSETS IN DETERMINING WHEN DEPRECIATION BEGINS.
4. USE SIMPLE DEPRECIATION PLAN.
5. MAKE CAREFUL RECORD OF UNUSUAL TRANSACTIONS.
6. BE NEAT AND ACCURATE -- CHECK ARITHMETIC CAREFULLY.
7. UNDERSTAND ADDITIONAL FIRST YEAR DEPRECIATION AND INVESTMENT CREDIT.

NON-BUSINESS ASSETS AND LIABILITIES

1. USED TO DETERMINE NET WORTH POSITION.
2. USED TO COMPUTE VARIOUS CAPITAL RATIOS USEFUL FOR CREDITORS.
3. ALLOWS SEPARATION OF NON-BUSINESS ASSETS FROM BUSINESS ASSETS.
4. ESSENTIAL FOR OBTAINING SOME KINDS OF CREDIT.
5. USED TO MEASURE FINANCIAL PROGRESS.

MANAGEMENT INCOME FOR TAX SAVINGS

1. Yearly fluctuations mean greater taxes.
2. Increased deductions help lower taxes.
3. Report all legal deductions.
4. Sales or trade now may reduce your tax.
5. Estimate your income tax now.
6. Check on delayed sales or advanced purchases.

V-B

CLOSING ACCOUNTS FOR ANALYSIS

1. Sales and Cash Receipts
2. Purchases Summary
3. Monthly Expenses
4. Payroll Accounts
5. Proprietors Draw Account
6. Loan and Note Record
7. Merchandise Inventory
8. Depreciation Schedule
9. Accounts Payable
10. Accounts Receivable
11. Personal Assets and Liabilities
12. Household and Personal Accounts

V-C-1

LIABILITIES CHECK

Liabilities -- Beginning of Year ______________

Money Borrowed ______________

TOTAL A ______________

Liabilities -- End of Year ______________

Paid on Debts ______________

TOTAL B ______________

A = B When Record of Liabilities is Correct.

CASH RELIABILITY

T2.1 - L29	Net Operating Income	$__________
+ T5 - L30	Money Borrowed	$__________
+ T2 - L5	Assets Sold	$__________
+ T5 - L29	Non-Business Income	$__________
+	Cash on Hand-January 1	$__________
T2 - L35-39	Asset Purchases	$__________
+ T6 - L19	Household & Personal Spending	$__________
+ T5 - L31	Paid on Debts	$__________
+	Cash on Hand-December 31	$__________

Total of A must equal total of B

SIMPLE RECORDS CHECK

T2 - L45 Return to Capital, Family Labor and Management $____________

+ T5 - L9 Non-Business Income $____________

= Total Income $____________

- T6 - L21 Household and Personal Cash and Non-Cash Expenses $____________

= T5 - L26 Gain or Loss in Net Worth $____________

I.Q. EXAM

Name ____________________

Date ____________________

Test I

1. Read carefully all of the following directions before doing anything.
2. Print your name, last name first, on the line following the word "name".
3. Draw a circle around the word "all" in direction number one.
4. Underline "name" in sentence number 2.
5. In direction number four, draw a circle around the word "underline" and in sentence number 1, cross out the word "anything".
6. Draw a circle around the title of this paper.
7. Circle the numbers 1, 2, 3, 4 and 5 and put an X over number 6.
8. In sentence number 7, circle the even numbers and underline the odd numbers.
9. Write "I can follow directions" above the title of this text. Start directly above the word "Exam".
10. Now that you have read all the directions as stated in direction number 1, follow direction number 3 only. Do not follow any of the directions other than number 1 and number 10, and hence, number 3. Omit the others entirely.

Test II

Read the sentence below:

> FINISHED FILMS ARE THE RESULT OF YEARS OF SCIENTIFIC STUDY COMBINED WITH THE EXPERIENCE OF MANY YEARS.

Now count the F's in the sentence. Count them only once and write in the number below.

Number of F's ________

UNIT VI

CLASSROOM INSTRUCTION IN SMALL BUSINESS MANAGEMENT

Objective

At the end of this unit the student should be able through simulation to teach a unit of the Small Business Management Education curriculum.

A. Introduction to the Small Business Management Curriculum. Use transparencies indicated under this section to provide a review and motivation of the learning process and the teaching procedure.

1. Simple definition of learning: Transparency VI-A-1

    a. Learning as we measure it is a change in performance which occurs under condition of practice.
    b. Learning is defined as the alteration in behavior that results from experience.
    c. Important part of definition is the behavior change - the SBM program is concerned that the things learned alters behavior. The only real evaluation is whether or not the operator made any changes in the way he/she behaves. Since this is an investment in public money one of the expected changes is to increase earnings enough to offset both public and private costs.

2. Reminder of the ways in which people learn: Transparency VI-A-2.

    a. By doing
    b. By thinking
    c. By seeing
    d. By being told
    e. By being checked and corrected

3. Teaching: Transparency VI-A-3

    a. Teaching consists in the direct guidance of learning to desired ends.
    b. Teaching is both an act and technology.

4. Methods in teaching: Transparency VI-A-4

    a. Raw materials
    b. Suitable tools
    c. Objectives
    d. Knowledge, skills and attitude of teachers

5. Some reminders of effective teaching: Transparency VI-A-5
    a. Useful
    b. Involved
    c. Competent teachers
    d. Effective methods
    e. Desirable social expenses

6. So now you have a class, some simple rules to follow: Transparency VI-A-6
    a. Start with focusing gimmick
    b. Clear cut objectives
    c. Know the group
    d. Use psychology
    e. Class poster
    f. Follow up
    g. Details in instruction
    h. Prepared to evaluate

B. Organization of Curriculum Materials

1. General overview of program; an outline of the three year curriculum unit topics.
    a. SBM I: Transparency VI-B-1a; Records Orientation
    b. SBM II: Transparency VI-B-1b; Analysis of Business
    c. SBM III: Transparency VI-B-1c; Business Reorganization

2. Teaching Strategies - Handout, "The Problem Approach in Teaching," VI-B-2a and Daily Lesson Plan, VI-B-2b. Use these handouts to illustrate how the SBM instructor might develop the individual lesson.

3. Demonstration of specific unit organization. (Utilize Brown Furniture Company Analysis in SBM Volume II, Business Analysis and transparencies: VI-B-3(1); VI-B-3(2); VI-B-3(3); VI-B-3(4); VI-B-3(5); VI-B-3(6); VI-B-3(7) and VI-B-3(8). These transparencies illustrate how each of the units is put together.
    a. Student Behavioral Objectives
    b. Transition of Units
    c. The Lesson
    d. Summary
    e. At-The-Business Activity
    f. Learning Resources
    g. References (Handout, "Critique of Small Business Administration Films," VI-B-3g-a and "Small Business Management Education Reference Books," VI-B3g-b. The

handouts illustrate refernece sources for the instructor.

h. Appendices (Handout, "Going Into Business" Drop-In Modules, "Annotated Titles") VI-B-3h. Use this handout to illustrate additional reference material available.

C. Small Business Management Processing Agreement. (Handout VI-C) This agreement indicated source of business analysis processing for SBM program.

D. How do you guarantee success to minimize chance for failure. Use transparencies VI-Da and VI-Db to illustrate success and failure factors.

Student Activity: *Read, Broom-Longenecker,* *Small Business Management*, *4th Edition, Chapters 3-13.*

LEARNING

"LEARNING, AS WE MEASURE IT, IS A CHANGE IN PERFORMANCE WHICH OCCURS UNDER CONDITIONS OF PRACTICE." MCGEOCH

"LEARNING IS DEFINED AS THE ALTERATION IN BEHAVIOR THAT RESULTS FROM EXPERIENCE." GUTHRIE

PHIPPS: WAYS OF LEARNING

1. By Doing
2. By Thinking
3. By Seeing
4. By Being Told
5. By Being Checked and Corrected.

TEACHING

"TEACHING CONSISTS IN THE DIRECT GUIDANCE OF LEARNING TO DESIRED END." EATON

"TEACHING IS AN ART AND A TECHNOLOGY." KRUSE

METHOD IN TEACHING DERIVES FROM:

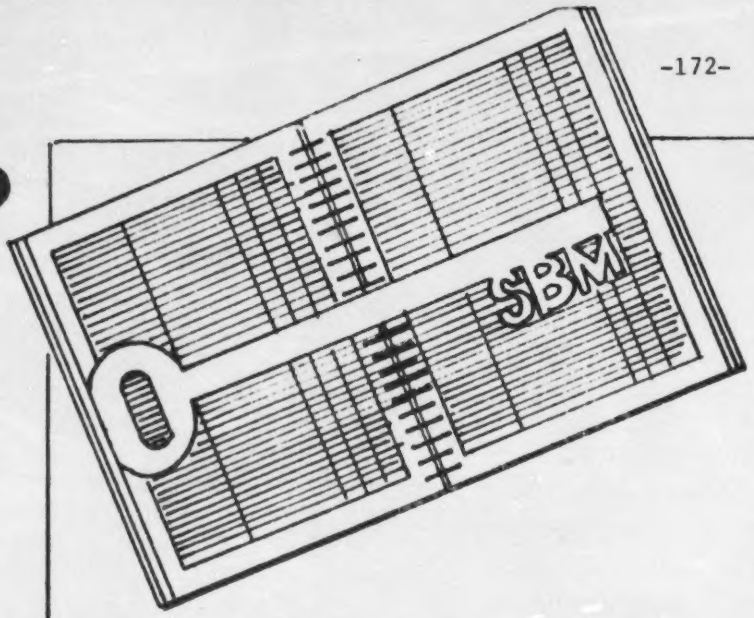
1. NATURE OF RAW MATERIALS.
2. AVAILABILITY OF SUITABLE TOOLS.
3. THE OBJECTIVE.
4. THE KNOWLEDGE, SKILL AND ATTITUDE OF THE ARTIST-TECHNOLOGIST.

EFFECTIVE TEACHING FOR ADULTS

1. ADULTS WANT THEIR LEARNING TO BE USEFUL.
2. ADULTS WANT TO BE ACTIVELY INVOLVED.
3. ADULTS WANT COMPETENT TEACHERS.
4. ADULTS WANT METHODS WHICH ARE EFFECTIVE.
5. ADULTS WANT A DESIRABLE SOCIAL EXPERIENCE.

PLANNING AND CONDUCTING THE LESSON

1. START WITH A FOCUSING GIMMICK.
2. MAKE SURE YOU HAVE CLEAR-CUT OBJECTIVES FOR THE SESSION.
3. KNOW THE GROUP-KEEP INSTRUCTION AT THEIR LEVEL.
4. USE PSYCHOLOGY TO KEEP PEOPLE TUNED IN--NOT OUT.
5. PROVIDE PLENTY OF OPPORTUNITY FOR CLASS PARTICIPATION.
6. MAKE PROVISION FOR FOLLOW-UP.
7. PAY ATTENTION TO DETAILS IN INSTRUCTION.
8. BE PREPARED TO EVALUATE HOW WELL YOU HAVE DONE WHEN THE SESSION CLOSES.



UNIT TOPICS

SMALL BUSINESS MANAGEMENT 1

UNIT I STIMULATING AN INTEREST IN SMALL BUSINESS MGT.

UNIT II SHOWING THE NEED FOR SMALL BUSINESS RECORDS.

UNIT III MEASURE OF SMALL BUSINESS FAMILY PROGRESS & USES OF SMALL BUSINESS AND HOME RECORDS.

UNIT IV WHY ARE INVENTORIES AN IMPORTANT PART OF SMALL BUSINESS RECORDS?

UNIT V KEEPING SMALL BUSINESS ACCOUNTS CURRENT.

UNIT VI THE BALANCE SHEET AND MONTHLY SUMMARY.

UNIT VII CASH FLOW AND CASH FLOW PROJECTIONS

UNIT VIII EMPLOYERS' RECORDS: SOC. SEC. & INCOME TAX.

UNIT IX UNEMPLOYMENT COMP., WORKMEN'S COMP. & FAIR LABOR STANDARDS ACT, OSHA & SAFETY CONSIDERATIONS.

UNIT X EMPLOYER-EMPLOYEE RELATIONS.

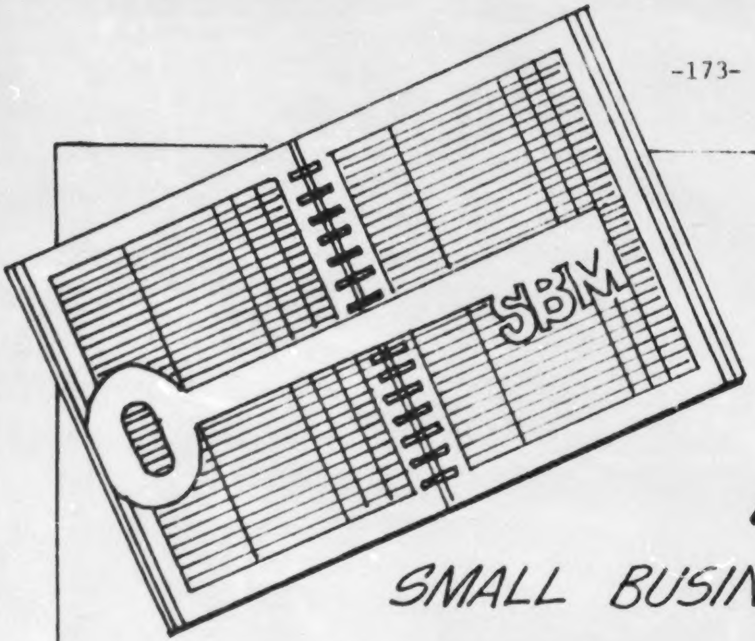
UNIT XI THE DEPRECIATION SCHEDULE.

UNIT XII INCOME TAX MANAGEMENT.

UNIT XIII THE END OF YEAR INVENTORY.

UNIT XIV CLOSING THE RECORD BOOK FOR ANALYSIS.

BIBLIOGRAPHY

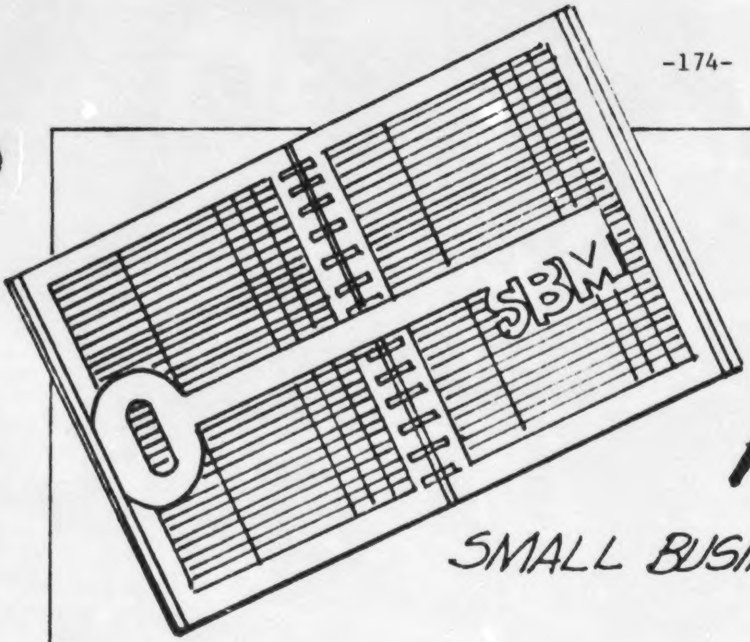


UNIT TOPICS

SMALL BUSINESS MANAGEMENT 2

SMALL BUSINESS ANALYSIS

UNIT I	CALCULATING INCOME, SELF-EMPLOYMENT AND SOCIAL SECURITY TAXES
UNIT II	MEASURES OF SMALL BUSINESS PROFIT
UNIT III	MEASURES OF SMALL BUSINESS SIZE
UNIT IV	GENERAL INTERPRETATION OF THE ANALYSIS
UNIT V	THE IMPORTANCE OF INVENTORIES
UNIT VI	ANALYZING THE CUSTOMER SERVICE DEPARTMENT
UNIT VII	ANALYZING THE SIZE OF BUSINESS
UNIT VIII	ANALYZING MECHANIZATION, LABOR, EQUIPMENT AND BUILDING COSTS
UNIT IX	ANALYZING MAJOR DEPARTMENT EFFICIENCIES
UNIT X	EVALUATION OF THE SMALL BUSINESS
UNIT XI	INCOME TAX PLANNING AND MANAGEMENT
UNIT XII	CLOSING THE SMALL BUSINESS ACCOUNT BOOK FOR ANALYSIS
	BIBLIOGRAPHY



UNIT TOPICS

SMALL BUSINESS MANAGEMENT 3

SMALL BUSINESS REORGANIZATION

UNIT I ATTRIBUTES OF SUCCESSFUL SMALL-BUSINESS ENTREPRENE

UNIT II DETERMINING THE MOST PROFITABLE LEVEL OF OPERATION.

UNIT III SELECTION OF DEPARTMENTS.

UNIT IV WHAT DO TWO YEARS OF RECORDS MEAN?

UNIT V EVALUATING THE CUSTOMER SERVICE DEPARTMENTS.

UNIT VI EVALUATING THE MAJOR DEPARTMENTS.

UNIT VII EVALUATING OVERHEAD AND GENERAL BUSINESS COSTS.

UNIT VIII MAXIMIZING INCOME.

UNIT IX MAXIMIZING INCOME... CONTINUED.

UNIT X MAXIMIZING INCOME... CONTINUED.

UNIT XI SITE, BUILDINGS, MERCHANDISE HANDLING

UNIT XII PLANNING TRANSITIONAL STAGES.

BIBLIOGRAPHY

THE PROBLEM APPROACH IN TEACHING

For Students Preparing To Teach And Teachers

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PREFACE

This publication is prepared primarily for use by teachers on the job and for college students preparing to be teachers. It is intended to suggest what teachers must do if students are to learn efficiently.

It is believed that this publication may be of value to parents. It is quite possible that needed changes in instructional procedures are slow in taking root because parents and lay people do not fully understand.

Teaching is more than a mastery of classroom devices. It is an intellectual adventure involving the growth and development of people. Psychologists agree there are many conditions that interest students, which in turn promotes efficient learning. During the past decade many improved teaching procedures have been perfected. The purpose of this publication is an attempt to lace together psychological knowledge and practical teaching as it pertains to the problem method.

The author is keenly aware that the ideas contained in this publication have been collected from many sources including students, educators and lay people. It is impossible to acknowledge all. However, special mention should be given to C.E. Rhoad who in the 1940's made practical application of problem solving in agriculture.

Howard W. Deems
Roland L. Peterson

INTRODUCTION

What a teacher does in the classroom depends to some degree upon his approach to learning situations. Not fully appreciated by many educators is the importance of this initial step.

Basically, there are three distinct approaches used by educators today. They are:

1. The informal approach.

   This is the traditional book or lecture procedure. Here the instructor assigns chapters or pages to read, he lectures, and occasionally asks informational type questions. The instructor may write questions on chapters in a book which he may refer to as a study guide. Individualized packages of subject matter covering various phases of the curriculum may also be developed by teachers and/or commercial companies.

2. The problem approach.

   In this approach, most classroom work and study centers around a problem (a real life situation). Study involved the securing of facts and information related to the problem. Discussion includes an evaluation of facts and the forming of tentative conclusions.

3. The principle approach.

   This approach centers around instruction for the development of understanding and growth in the ability to make appropriate applications from generalizations. This approach involves using discovery teaching as well as problem-solving methods.

The problem approach is easy to use in teaching of management. Small business owner/operators are continually confronted with problems.

The following pages outline and explain how this method is developed and used.

THE PROBLEM APPROACH

The problem approach as used in the schools today refers to a means or a course of action involving the scientific approach to the solution of and actual life situation. The problem is stated as a question, implies a difficulty to be overcome, and is of such magnitude as to challenge the students.

The use of the problem approach involves the organization of the course in such a way as to present to the minds of the students real problems with which they are confronted. In management most of these problems center around the small business. This approach may be carried forward by class, group, or the individual procedures.

In the ideal problem situation the learner is perplexed but not necessarily confused. He faces a difficulty and is willing to find a solution. A problem implies a difficulty to be overcome.

Problem solving is evolving into the favored approach in teaching because of the ever present action of making decisions. Students face decisions many times each day, often solving them only haphazardly or by thoughtless trial and error.

The problem approach of instruction is of utmost importance, because today as never before the democratic processes of America are challenged by the ability of citizens to make correct decisions on local, state, national and world issues. Obviously, it is impossible for the school to teach students how to react to all situations, especially future problems of the space age. The solution is to teach pupils how to think and make accurate decisions.

The chief reasons for using problem solving in teaching are listed as follows:

1. The problem acts as a selective agency in gathering pertinent facts and organizing them into a connected viewpoint. It tends to favor the perception of facts appropriate to the solution of the problem.

2. In problem solving, significant facts are taught in useful association and thus will be more likely to be used when the need arises. The facts take on a meaning they would not otherwise have; they become items of experience rather than external realities.

3. Problem solving places emphasis on use of materials rather than on memorization of it.

4. The solving of a problem by the learner calls for the use of old things in new ways, thus there is desirable practice of what is to be learned or retained.

5. Problem solving in teaching contributes to the development in the learners of a habit of evaluation and using data intelligently in a new situation.

6. Since problem solving calls for the weighing of possibilities and factors, it contributes to the development of openmindness.

7. Proper use of problem solving should contribute to teaching students how to anticipate and discover problems.

8. When problems are used in teaching, the students often know something about the problem to be solved, and perhaps what should be learned.

9. Problem solving lends itself to learner participation in all its phases or aspects. The teacher has the opportunity to direct the learners activity.

10. The many variations in kinds of problems and methods of solving them give rich opportunity for flexibility in teaching procedure.

11. Problem solving lends itself to both cooperation and individual effort.

12. Problem solving lends itself to the unit or problem area type of course outline.

Although the teacher may not appear to occupy an important place in problem solving, he is the key person in the success or failure of this approach to teaching. A teacher must have the ability to see problems clearly, to judge the value of such work to the class, to analyze the facts secured, and to guide students in arriving at a proper solution.

The basic responsbility of the teacher is not to solve all of the important problems for an individual, rather it is designed to make the student progressively more capable of solving his own problems.

DEFINITIONS

Course of study: (Course outline) is a plan prepared for use in teaching specific class for a given time such as a semester or a school year. Titles such as SBM I, Beginning Small Business Records, SBM II, Small Business Analysis, SBM III, Small Business Reorganization, are typical course titles.

Unit: of instruction is a significant, comprehensive and convenient classification within a course outline. It covers an aspect encompassed in the course title. Units such as Inventories, Cash Flow, Employer-Employee Relations, Departmentalization, and Tax Management, are typical words used to describe a unit of instruction.

Problem area: is a further breakdown of a unit. Such words as LIFO, FIFO, break-even point, turnover ratio, equity, schedule C and gross margin are typical problem areas.

A problem: is a real life situation that provides a challenging situation, the solution of which calls for reflective thinking, the problem may be specific to one student or a group of students. Problems are generated by students under the direction of the teacher.

An objective: is an outcome to be attained as a result of teaching. It is stated in specific terms so that the learning outcome may be measured.

The following list of course titles, units and problem areas may clarify the definitions of the terms. It may be noted that each subdivision breaks the subject matter into more specific areas.

Course: Beginning Small Business Records (SBM I)
  Unit: Keeping Small Business Accounts Current
    Problem Areas: Chart of Accounts
      Record Book or System
      Sales
      Purchases
      Expenses
      Household and Personal Records

Course: Small Business Analysis (SBM II)
  Unit: Analyzing the Size of the Business
    Problem Areas: Business Land
      Labor
      Capital Investment
      Management

Course: Small Business Reorganization (SBM III)
  Unit: Determining the Most Profitable Level of Operation
    Problem Areas: Break-even Point
      Fixed Costs
      Variable Costs
      Sales Volume
      Profit

  Unit: Maximizing Income
    Problem Areas: Reorganization
      Alternative Courses
      Gathering Information
      Evaluation of Alternative Decision
      Implementation
      Control and Measure

This example list shows how student and teacher problems fit into the entire scheme. Generally a teacher should consider using one unit in the class discussion. Some units may not require a full period whereas others may require two periods. Before teaching this unit on employer-employee relations, the teacher should spend time drawing problems and questions from the students so that the course may be geared to student needs and interests. Problems which the teacher desires to have students discuss may also be included by the teacher asking, "What do you know about, ...?"

Course: SBM I, Beginning Small Business Records
  Unit: Employer-Employee Relations
    Problem Area: Employer's Role
      Problems:

1. Why are good employer-employee relations important?
2. How do you analyze the job?
3. What are the abilities needed for success?
4. How do you write a complete job description?
5. Are there tests that will help predict competence?
6. How do you interview objectively?
7. How do you evaluate employees?
8. What items are important to group morale?
9. What are the acceptable pay systems for employees?
10. What should be considered in determining working conditions?

    Problem Area: Employee's Role
      Problems:

1. How do employees rank items related to the job in terms of importance?
2. How do you use an employee suggestion system?
3. What is the role of the employee in a management by objective system?
4. How do management principles effect the performance of employees?
5. Is the employee responsible for loyalty to the job and interest in the job task?

SELECTING UNITS

In Small Business Management, course titles, units, problem areas and general objectives are outlined for the school year. This is or should be established at the state level. It is, however, the job of the local teacher to select additional units and the specific problems that will meet the needs of the community and the students enrolled.

In selecting suitable units of instruction the teacher must first concern himself with certain general characteristics. They are:

1. Unit should be "useful" to the greatest number of students possible.

2. Unit should include material and experiences of interest to all students.

3. Unit should be completed in a reasonable length of time (2-3 hours).

4. Unit should be integrated with past and future learnings of students.

5. Unit should allow the more capable student an opportunity to extend work.

6. Unit should build upon or compliment previous work.

The length and depth of a unit of instruction will vary with the age, experience and the ability of the group.

After the units of instruction have been determined the next step is the selection of the problem areas within the unit.

A problem area provides a further breakdown of a unit.

After selecting problem areas, the selection of problems is the next step.

In small business management education most problems come from difficulties encountered by students as they operate their small businesses. An example of this is when a student working on his or her record system discovers a problem and calls the instructor for guidance. The poorest problems are the ones suggested by a book or a bulletin that happens to be on the teacher's desk.

A good problem possesses certain qualities or characteristics.

1. The problem should be a real and actual condition or situation.

2. The problem must appeal to the class.

3. The problem must be within the ability of the class.

4. The problem must challenge the group and call for thinking of superior quality (avoid problems that can be answered in five to ten minutes or ones that require many hours to solve).

5. The problem must be true to life.

6. The problem must contribute to the realization of the unit objective.

STEPS IN UTILIZING THE PROBLEM-SOLVING APPROACH

Problem: What procedure should we follow in using one of the problem-solving teaching methods with a class?

Objectives:

1. To list the steps in using the problem-solving teaching method.
2. Given a problem statement and a teaching situation, student teachers will be able to use the appropriate problem-solving teaching method.

STEPS	KEY POINTS
1. Plan the course of study	1.1 Visit with advisory council members. 1.2 Visit with small business people in the community. 1.3 Determine course units and problem areas.
2. Obtain problems from students	2.1 Use a teacher-student planning session before beginning new problem areas.
3. Restate the problem	3.1 Analyze the problem and apply the appropriate problem-solving method. 3.2 Difficult to solve a problem until it is fenced in, understood and clearly stated. 3.3 Work out a lesson plan.
4. Establish a free, easy yet businesslike class setting	4.1 Students should feel free to discuss in an orderly manner.
5. Write the problem and the daily lesson objectives on the chalkboard	5.1 Provides a central focus for the students and teacher. 5.2 Students can see the framework for the discussion.
6. Motivate the students	6.1 Create an interest in the problem by stating questions. 6.2 Bring objects or real material to the classroom so that students can "see".
7. Discuss the problem	7.1 Follow the format of the appropriate problem - solving method. 7.2 Ask questions of students and secure their ideas. 7.3 Write down their statements in the format. 7.4 Arrange the notes in the format on the chalkboard or overhead transparency.

STEPS	KEY POINTS
8. Use group study time	8.1 Do not attempt to discuss a problem on the basis of pooled ignorance.
	8.2 Allow students time to discuss and seek information so they can discuss the problem intelligently.
9. Complete the discussion	9.1 Discuss the problem until teacher and student are satisfied and all points of the lesson plan have been covered.
10. Draw the discussion to a final conclusion	10.1 For the possibilities and factors and the advantages vs disadvantages methods a written conclusion is essential.
	10.2 For the steps and key points method a verbal review of the steps is a conclusion.
	10.3 For the present situation compared to an ideal situation method a verbal review of the recommendation.
	10.4 For the question-answer-discussion method a verbal review of the key questions.

Educators will recognize the similarity of the steps in problem solving to the process of critical thinking, which are:

1. Become aware of anxiety.
2. Decide what to pursue.
3. Carry out research.
4. Hypothesize.
5. Appraise findings.

PLANNING FOR INSTRUCTION

Some teachers have trouble in using the problem approach in teaching. This is, as a rule, due to two things: 1) lack of understanding of the problem solving teaching methods and 2) lack of proper planning.

At one time educators believed problem solving was started by asking students the question, "What are your problems today?" This procedure although at times quite successful, often resulted in failure. Advanced planning is an important part of the problem solving procedure. Pre-school preparation by the teacher is necessary and includes the following six steps:

1. Have course outlines with units of instruction.
2. Have adequate supply of up-to-date reference materials.
3. Have suitable audio-visual aids, available for use as needed.
4. Make preliminary plans for the use of business tours, resource personnel from business or agencies.
5. Know the home situation for each student.
6. Have a planned procedure for keeping self-informed on current small business problems.

The importance of securing and selecting the right kind and size of problems, cannot be over-emphasized. In many instances the instructor will need to guide and sometimes train students in the art of proper problem selection.

Rhoad and other educators who have worked in refining the problem approach in teaching suggest five problem solving teaching methods. They are commonly known as:

1. The "Possibilities Factors" method: This method is used in making selections. Whenever the problem deals with selecting something this method is appropriate. The key words to use in writing the problem statement are ... What source of ... or What source of of financing should ... or When should we expand our business? This method provides for having several factors and alternative to consider.
2. The "Steps and Key Points" method: This method is most appropriate when leading students through a process or procedure. The key words to use are "What procedure should we follow ... or How should we ..." The steps constitute the conclusion in this method.
3. The "Present Situation With Accepted Standards or an Ideal Situation" method: This method is most appropriate when determining if changes should be made in an existing situation. The key words in the problem statement are "What changes, if any, should we ...?" The recommendations form the conclusion to the problem.

4. The "Advantages or Disadvantages" method: This method is most appropriate when making a decision between two courses of action. The key words for the problem statement are "Should we consider ...?" A concluding statement is essential.

5. The "Question-Answer-Discussion" method: This method is appropriate for presenting factual information and problems which do not fit the other categories. The key words are "What are the essential parts..." A verbal conclusion of the main points may be used to summarize the discussion.

Following are two lesson plans illustrating two of the five problem solving methods. They are taken from actual classroom situations and should be considered as one teacher's plan and can serve as a model plan. The remaining three methods will be available at a later date.

STEPS AND KEY POINTS

Course Title: SBM II, Small Business Analysis
Unit: Calculating Income and Social Security Self-Employment Taxes
Problem Area: Federal Income Tax
Problem:
To arrive at Federal adjusted gross income?

Objectives:
1. To list the steps in calculating gross income.
2. To develop an understanding of the reporting and taxing process.

Motivation:
Have each business family silently recall the amounts of taxes they paid in the previous calendar year. Ask for a show of hands from those who think they should have paid more. Then ask how many think they should have paid less. This helps frame the issue for discussion: "The question really is, how do we determine what the correct amount of tax is, and can we do anything about it?"

Student Learning Activities:
1. Students will discuss the problem.
2. Students will calculate portions of the income tax.
3. Students will become familiar with the Tax Guide For Small Business.

STEPS	KEY POINTS
1. Prepare records of business	1.1 Summarize all business income, purchases and expenses. 1.2 Total all special accounts. 1.3 Prepare business operating statement for year. 1.4 Prepare a year end business balance sheet.
2. Calculate Schedule C	2.1 Transfer income totals from operating statement to appropriate space on Schedule C. 2.2 Transfer expense totals from operating statement to appropriate space on Schedule C. 2.3 Complete depreciaiton schedule and transfer totals to Schedule C-3. 2.4 Complete calculations on Schedule C to determine "Net Profit (or Loss)."
3. Determining capital gains income, Forms 4797 & 2119.	3.1 Complete short-term capital gains. 3.2 Complete long-term capital gains. 3.3 Complete gains from Section 1245 and 1250 property, depreciable assets held more than 6 months. 3.4 Complete gains other than capital assets, Section 1245 and 1250 property losses. 3.5 Complete gain on sale or exchange of a personal residence. 3.6 Determine total gains and losses from the sale or exchange of property.
4. Determining adjusted gross income	4.1 For sole proprietorship combine "Net Profit" from Schedule C, the capital gains from Schedule D, Forms 4797 and 2119, and other miscellaneous income on Form 1040. 4.2 Use Form 1065 for Partnerships. 4.3 Use Form 1120 for Corporations. 4.4 Use Form 1120S for U.S. Small Business Corporation-SubChapter S.

References and Learning Resources:

Internal Revenue Service, U.S. Department of Treasury, Tax Guide for Small Business, 19 Edition, Publication 334, Washington, D.C., U.S. Government Printing Office, October 19__.

Internal Revenue Service, U.S. Department of Treasury, Your Federal Income Tax, 19 Edition, Publication 17, Washington D.C., U.S. Government Printing Office, October 19__.

QUESTION-ANSWER-DISCUSSION

Course Title: Small Business Analysis, SBM II
Unit: Analyzing the Service Department
Problem Area: Service Department
Problem:
How do service departments compliment production departments and the total business operation?

Objectives:

1. Student will be able to verbally explain the reasons why each "service category" exists in the business world.
2. To determine an accurate cost of operation for a selected service department.
3. To develop a consistency in making accurate decisions relative to the operation of the service department.

Motivation:
Place two gift-wrapped packages in front of the class. One should be very well wrapped with ribbon and bow, while the other should be relatively plain. Ask the class to identify which package might have been done as a customer service at no charge and which had been done at a charge to the customer. Ask which package creates a more favorable image for the business.

Student Learning Activities:

1. Students will discuss the problem in class.
2. Students will learn to utilize Table 9.
3. Students will adapt the "Cost Checklist For A Truck."
4. Students will learn the basic structure of a sample comparison chart.

Teaching Procedure:

Question 1. What are the service categories of business operations and how do they operate?

A. Service Businesses . . . . Revenue producing.
B. Internal Service Dept. . . Non-revenue producing; facilitates the activities of the revenue producing departments.

C.	Customer Service	Non-revenue producing.
B.	Service Department	Revenue producing; may or may not be profitable in itself, but has complimentary effect within the total business.

Question 2. What are the reasons for including a Customer Service or Service Department in your business?

A. Complimentary effect
B. Revenue producing
C. Labor-absorbing
D. External factors

Question 3. How can you determine the total cost of operating a service department?

A. Direct labor costs; wages and fringe benefits
B. Direct materials or operating costs
C. Indirect overhead costs

Question 4. How can you compare the various methods of providing a service department?

A. The "Sample Comparison Chart"
B. Complimentary effects

References and Learning Resources

Broom, H.N. and Justin G. Longenecker, Small Business Management, 4th Edition, Southwestern Publishing Company, Cincinnati, 1971.

Small Business Administration, Can You Afford Delivery Service? By Gerald B. Halverson, Small Marketers Aids No. 133, Washington, D.C., U.S. Government Printing Office, May 1968.

Small Business Administration, Pricing In a Service Business, Management Development Program Topic 19, Washington, D.C., U.S. Government Printing Office, 1968.

DAILY LESSON PLAN

COURSE TITLE:

UNIT:

PROBLEM AREA:

PROBLEM:

OBJECTIVES:

REFERENCE AND LEARNING RESOURCES:

MOTIVATION: (REVIEW YESTERDAY'S DISCUSSION)

(QUESTIONS AND ACTIVITIES)

STUDENT LEARNING ACTIVITIES:

TEACHING PROCEDURE:

ASSESSMENT TASKS:

TENTATIVE FORMAT FOR YEAR II
UNITS OF INSTRUCTION

PART I: STUDENT BEHAVIORAL OBJECTIVES

PART II: TRANSITION OF UNITS

PART III: THE LESSON

PART IV: SUMMARY

PART V: AT-THE-BUSINESS ACTIVITIES

PART VI: LEARNING RESOURCES

PART VII: REFERENCES

PART VIII: APPENDIX

YEAR II - UNIT II. MEASURES OF SMALL BUSINESS PROFIT

PART I: STUDENT BEHAVIORAL OBJECTIVES

A. UTILIZING A SAMPLE SMALL BUSINESS ANALYSIS REPORT, THE STUDENT WILL BE ABLE TO DEFINE THOSE TERMS USED IN THE REPORT TO MEASURE BUSINESS AND MANAGERIAL PERFORMANCE.

B. GIVEN A SAMPLE SMALL BUSINESS INCOME STATEMENT AND BALANCE SHEET FROM THE SMALL BUSINESS ANALYSIS REPORT, THE STUDENT WILL BE ABLE TO CALCULATE (WITH 100% ACCURACY) MEASURE OF PROFIT AS IDENTIFIED AS BEING SIGNIFICANT TO THE STUDENT'S BUSINESS BY THE INSTRUCTOR.

YEAR II - UNIT II. MEASURES OF SMALL BUSINESS PROFIT

PART II. TRANSITION OF UNITS

THE PREVIOUS UNIT DEALT WITH THE CALCULATION OF INCOME AND SOCIAL SECURITY TAXES AND WOULD NORMALLY BE TAUGHT IN JANUARY WHEN MOST SMALL BUSINESS FAMILIES ARE INVOLVED WITH THIS TASK.

THIS UNIT INITIATES THAT DETAILED BACKGROUND NECESSARY FOR AN UNDERSTANDING OF THE BUSINESS ANALYSIS TO BE PREPARED BY MARCH. THE "WHY" OF THESE MEASUREMENTS IS STRESSED IN THIS UNIT.

THE FOLLOWING UNIT ON MEASURES OF SMALL BUSINESS SIZE WILL ADD ADDITIONAL TERMINOLOGY AND UNDERSTANDING CONCERNING THE PHYSICAL AND FINANCIAL SIZE OF THE BUSINESS TO BE SHOWN IN THE BUSINESS ANALYSIS.

YEAR II - UNIT II. MEASURES OF SMALL BUSINESS PROFIT

PART III. THE LESSON

ATTENTION FOCUSER

UTILIZING THREE RELATIVELY LARGE RAIN GAUGES OR GRADUATED CHEMISTRY GLASS CYLINDARS, PLACE A PIECE OF MASKING TAPE OVER THE MARKINGS ON EACH. START BY DISPLAYING ONE GAUGE OR CYLINDAR APPROXIMATELY ONE-HALF FULL OF RED WATER (USE RED FOOD COLORING). ASK THE CLASS HOW FULL IT IS AND IF IT'S A NORMAL SITUATION. THEN PUT THE OTHER TWO GAUGES OR CYLINDARS NEXT TO THE FIRST ONE, WITH ONE ABOUT ONE-FOURTH FULL AND THE OTHER ABOUT THREE-FOURTHS FULL (WITH RED WATER). NOW ASK THE CLASS HOW THEY COMPARE WITH EACH OTHER AND HOW THEY COMPARE TO A NORMAL SITUATION. YOU MAY MARK THESE GAUGES OR CYLINDARS TO INDICATE YEAR I, II AND III OF A BUSINESS.

PUT THE NORMAL SITUATION ON THE BOARD AS 0.60 OR 60 PERCENT. THEN REMOVE THE TAPE FROM EACH GAUGE OR CYLINDAR AND ASK THE CLASS WHAT THIS BASE OR BACKGROUND (INDUSTRY AVERAGE) ADDS TO AN UNDERSTANDING OF THE SITUATION. THE INTENT OF THIS ATTENTION FOCUSER IS TO ILLUSTRATE THE NEED FOR MEASURES OF PROFIT THAT ARE CONSISTENT, UNDERSTANDABLE, AND IN A FORM THAT CAN BE COMPARED TO WHAT OTHERS ARE DOING.

YEAR II - UNIT II. MEASURES OF SMALL BUSINESS PROFIT

KEY QUESTION #5. HOW DO YOU DEFINE, CALCULATE AND USE THE RATIO OF NET OPERATING PROFIT TO NET SALES?

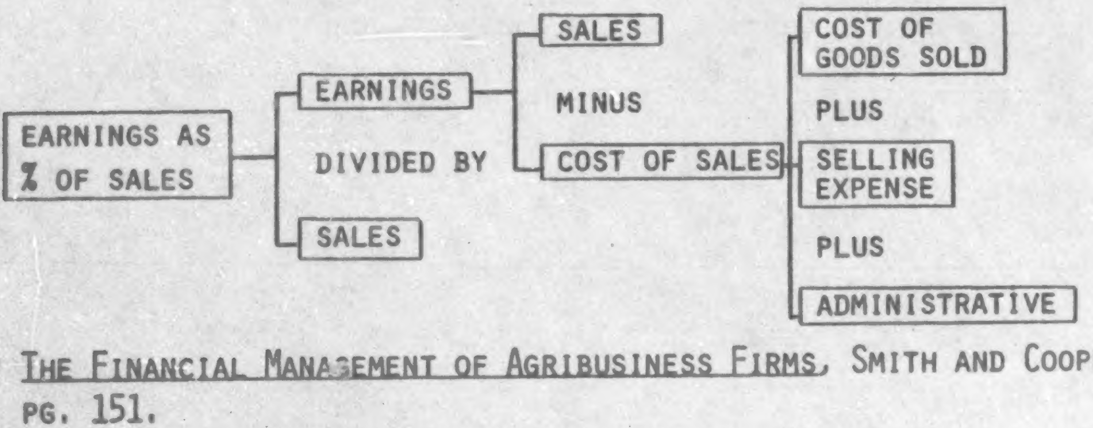
A. (DEF.) THIS MEASURE MAY BE DEFINED AS THE PERCENTAGE EARNINGS GENERATED BY SALES.

B. (CALC.)

$$\frac{\text{NET OPERATING PROFIT T2.2L29}}{\text{NET SALES 12.1 L4}} = \frac{\$13588}{\$130043} = 10\%$$

C. (USE) THE CHART BELOW ALLOWS ONE TO TRACE TWO SOURCES OF PROBLEMS WHICH MAY CAUSE THIS RATIO TO BE LOW. THE FIRST SOURCE MAY BE AN INABILITY TO CONTROL GENERAL EXPENSES OR THE COST OF MERCHANDISE PURCHASED FOR RESALE AT ANY GIVEN LEVEL, THUS RESULTING IN LOWER EARNINGS. THE SECOND SOURCE MAY FALL IN THE PRICING POLICY. A COMPETITIVE ENVIRONMENT MAY LIMIT THE AMOUNT OF DISCRETION ONE HAS IN THIS AREA.

(1)



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(1) THE FINANCIAL MANAGEMENT OF AGRIBUSINESS FIRMS, SMITH AND COOPER, PG. 151.

YEAR II - UNIT II. MEASURES OF SMALL BUSINESS PROFIT

PART IV. SUMMARY

A. RATIO ANALYSIS OF A FINANCIAL STATEMENT INVOLVES RELATIONSHIPS AMONG DIFFERENT FINANCIAL FIGURES. TRENDS IN BUSINESS AND MANAGERIAL PERFORMANCE CAN BE OBSERVED BY COMPARING THESE RATIOS TO PREVIOUS PERIODS IN THE BUSINESS AND TO INDUSTRY STANDARDS.

B. RATIO ANALYSIS CAN ALSO BE USED TO EVALUATE THE BUSINESS EARNING POWER, WORKING CAPITAL POSITION AND CURRENT FINANCIAL STRUCTURE.

YEAR II - UNIT II. MEASURES OF SMALL BUSINESS PROFIT

PART V. AT-THE-BUSINESS ACTIVITIES

A. REVIEW THE MEASURES OF SMALL BUSINESS PROFIT DEALT WITH IN THE LAST CLASS.

B. ASK THE BUSINESSPERSON WHICH MEASURES APPLY SIGNIFICANTLY TO THAT BUSINESS.

C. ASSIST IN THE SELECTION OF THOSE MEASURES MOST APPROPRIATE TO THE BUSINESS.

D. IF A PRELIMINARY SMALL BUSINESS ANALYSIS REPORT IS AVAILABLE, ASSIST THE BUSINESSPERSON IN INTERPRETING IT RELATIVE TO THE MEASURES OF PROFIT.

E. IF THE REPORT IS NOT AVAILABLE BUT SOME MEASURES CAN BE CALCULATED FROM AVAILABLE DATA, ASSIST THE BUSINESSPERSON WITH THESE CALCULATIONS.

F. ASK THE BUSINESSPERSON TO EVALUATE THE MEASURES THAT INDICATE A STRONG OR WEAK POSITION OF THAT BUSINESS IN RELATION TO PREVIOUS EXPERIENCE, OR TO INDUSTRY AVERAGES.

YEAR II - UNIT II. MEASURES OF SMALL BUSINESS PROFIT

PART VI. LEARNING RESOURCES

OVERHEAD PROJECTOR
CHALKBOARD
HANDOUTS OF INCOME STATEMENT AND BALANCE SHEET
HANDOUTS OF SAMPLE SMALL BUSINESS ANALYSIS REPORT
TRANSPARENCIES OF SAMPLE SMALL BUSINESS ANALYSIS REPORT
HANDOUT OF FORMULAS FOR RATIOS
SUPPLY OF LINED PAPER AND PENCILS

PART VII. REFERENCES

NATIONAL FARM AND POWER EQUIPMENT DEALERS ASSOCIATION. COST OF DOING BUSINESS STUDY FOR 1972: FINANCIAL AND OPERATING PROFILES OF FARM AND INDUSTRIAL EQUIPMENT DEALERS. ST. LOUIS, MISSOURI, 1973.

BROOM, H.N. AND JUSTIN G. LONGENECKER, SMALL BUSINESS MANAGEMENT, THIRD EDITION, SOUTHWESTERN PUBLISHING CO., 1971.

GORDON, M.J. AND G. SHILLINGLAW, ACCOUNTING: A MANAGEMENT APPROACH, FOURTH EDITION, RICHARD D. IRWIN, INC. 1969 TO 1973.

PART VIII. APPENDIX

SAMPLE SMALL BUSINESS ANALYSIS (RETAIN FOR USE IN UNITS 3 AND 4)

SAMPLE INCOME STATEMENT AND BALANCE SHEET

CRITIQUE OF SMALL BUSINESS ADMINISTRATION FILMS

Rodger E. Palmer, Small Business Management Education Project
University of Minnesota, St. Paul

The following films were viewed in whole or part through the cooperation of Mr. Robert Alm, SBA, Minneapolis. Comments and ratings refer to their relevance to the Small Business Management Education project conducted by the University of Minnesota under a U.S.O.E. Grant. All films are ten to fifteen minutes in length. The rating scale includes fair, good, very good and excellent.

The films can be obtained from regional SBA offices. A list of these offices is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The Language of Business

1. Records and analysis of business data.
2. Illustration of branching out to a second store.
3. Accountant reliance.
4. Covers explanation of balance sheet, profit and loss statement, inventory control record, monthly sales summary, and how they tie together.
5. Good use of the example of a Black businesswoman making use of records. (Several other examples used.)
6. Essential basic knowledge of all business operators.

Rated: Excellent

The Business Plan

1. Uses an appliance store and auto repair shop for illustration.
2. Roadmap - written - facts to back up decisions.
3. Illustration of departments within a total business.
4. Lack of planning - effect on declining business.
5. Good for going into business and for expansion efforts.
6. Ties to SBA Small Management Aid 150, "Business Plan for Retailers."

Rated: Very Good

The Heartbeat of Business

1. Illustration of how a business operator had to get into serious financial difficulty before he started to pay attention to his financial statements.
2. Good for all sizes of operations.

Rated: Very Good

Three Times Three

1. Keys to success of three different business operations.
2. Appliance repair, meat market, rent-it shop illustrations.
3. Very good for the small operators.

Rated: Very Good

A Lot of Hats to Wear

1. Variety of roles in a small business, other than just being a businessperson.
2. Uses vehicle of a pre-business workshop to illustrate problems.
3. Good for new business operators (establishment phase).

Rated: Good

You and Your Customer

1. Customer service and customer complaints - your attitude towards them.
2. Building good will; problems.
3. Business image.

Rated: Very Good

The Antique Man

1. A story about SCORE (Service Corps of Retired Executives).
2. Good for use by the Chamber of Commerce and other business groups with potential SCORE volunteers.

Rated: Fair

A Case In Point

1. Story of a stenographer service firm going through a business crisis.
2. Assistance from an attorney directed owner to SBA.
3. Illustrates team effort of SBA.

Rated: Very Good

Man or Woman for the Job

1. Recruiting the right man or woman for the job.
2. Personnel problems - the bosses responsibility.
3. Good for all sizes of businesses.
4. Illustrates basic hiring procedures.

Rated: Very Good

The Advertising Question

1. Uses a pharmacy for illustration.
2. "Point of sale" advertising vs advertising to "get people into the store."
3. Good illustration of "wrong" techniques to increase sales.
4. Might use a newspaper representative to add to this film presentation.

Rated: Excellent

The Follow-up

1. Use of coupons in a give away to get names for follow-up sales planning used for illustration.
2. Supplementing advertising with follow-ups.
3. Evaluating advertising campaign through follow-up.

Rated: Good

The Calendar Game

1. Seasonal timing and planning.
2. Using the right media in planning a sales campaign.
3. Good for larger businesses.

Rated: Fair

Variation On a Theme

1. Sales promotion during peak periods; planning emphasis.
2. Using "then and now" theme, other variations.
3. Winning over the employees.

Rated: Fair

The Seventh Chair

1. Credit and collection story.
2. Basic procedures viewed: 3 C's of credit (capacity, capital, character).
3. Related to overall business operations.

Rated Very Good

Anything is Possible With Training

1. Brings out idea of written job requirements.
2. Probably applies to business with more than several employees.

Rated: Fair

They're Out To Get You

1. Shoplifting story.
2. Illustrates messy stores, jewelry stores, etc.
3. Shows the difference between pro's and amateurs.
4. Good for large or small retail operations.

Rated: Very Good

It Can Happen to You

1. Embezzlement story, cash stealing, shoplifting.
2. Stealing cash by employees.
3. Techniques in detection.
4. Generally covers a variety of problems.

Rated: Very Good

Burglary Is Your Business

1. Big city situation used as illustration.
2. Prevention emphasized.

Rated: Good

The Inside Story

1. Internal theft; internal security system.
2. Pilferage and morale problems.
3. Good for all sizes of operations.

Rated: Excellent

A Step In The Right Direction

1. Illustration of basic planning in a business.
2. Example of how a successful businessman influenced another business operator to establish an inventory control system.
3. Deals primarily with inventory control.

Rated: Fair

SMALL BUSINESS MANAGEMENT EDUCATION REFERENCE BOOKS

*Broom - Longenecker, Small Business Management, 4th Edition, Southwestern Publishing Co., Dallas, TX 75229.

*Dible, Donald M., Up Your Own Organization, the Entrepreneur Press, Mission Station, Drawer 2759T, Santa Clara, CA 95051.

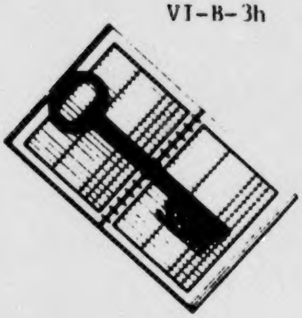
*Baumbock, Clifford M., et.al., How to Organize and Operate a Small Business. Fifth Edition, Prentice-Hall, Inc., Englewood Cliffs, New Jersey.

Greene, Gardiner G., How to Start and Manage Your Own Business. McGraw-Hill Book Company, New York, N.Y.

Griffin, Barbara C., A Successful Business of Your Own, Sherbourne Press, Los Angeles, CA 90035.

*Macfarlane, William N., Principles of Small Business Management. McGraw-Hill Book Company, New York, N.Y.

Frost, Ted S., Where Have All the Woolly Mammoths Gone? Parker Publishing Company, Inc., West Nyack, New York, N.Y.



GOING INTO BUSINESS
"DROP-IN MODULES"
ANNOTATED TITLES

SMALL BUSINESS MANAGEMENT EDUCATION PROGRAM
University of Minnesota
May, 1977

The Modules described herein will be 1½ to 2 hours in instructional length. They will be designed to be "dropped-into" on-going technical programs, or to be offered as a short-term course to adults.

The Modules will be available for testing on September 1, 1977, with final publication due on December 1, 1977.

SUGGESTED ORDER OF PRESENTATION

"DROP IN" GOING INTO BUSINESS MODULES

1) Decision Making Steps: To include the steps needed to put a decision into action beginning from an analysis of the present situation through the evaluation of the results of a decision.

2) Finance: To include financial assistance (resource & technical) including sources available and methods of obtaining assistance. Loans will be discussed including types of loans and sources of loans with a look at interest rates and resources available through lending institutions.

3) Location of Small Business: To include the importance of location in relation to business type. Building suitability and availability, traffic patterns, parking, location of competition, zoning etc. will also be included.

4) Record Systems: To include the reasons for and methods of maintaining records of purchases, sales, inventories, payroll, expenses and liabilities. Single and double entry systems will be included as well as sources of assistance for financial analysis.

5) Balance Sheet & P&L Statement: To include sources of information to develop a desirable format for the balance sheet & P&L statement and their utilization for budgeting and forecasting.

6) Purchasing: To include how to determine proper sources of supply, inventories and ordering points, purchase discounts, and techniques of working with supplies. The responsibilities of both parties will also be included.

7) Marketing: To include the purpose & procedures of market research, advertising & public relations. Cost-benefit considerations and sources of marketing assistance will also be included.

8) Sales: To include sales promotion methods, evaluation of sales volumes & sales promotions methods. Procedures for improving the firms image for its service community will also be included.

9) Cash Flow: To include strategies for the projection of cash flow to meet impending financial obligations. It should address itself to such factors as earnings, property acquisition, retirement of debts and working capital.

10) Taxes & Depreciation: To include Federal, State, Sales, Excise and Special Taxes required in small business. The several depreciation methods available will also be included as well as investment credit and general income tax management.

11) Insurance: To include mandatory and desirable insurance coverages in the several risk areas. Obtaining and utilizing proper agents or brokers will also be included.

12) Production, Inventory Management & Quality Control: To include goal setting and dollar limits for production, and to relate inventory to other phases of business. Quality control as it relates to retailing, wholesaling, manufacturing and service, will also be included.

13) Employer-Employee Relations: To include the role of the employer in instructions, supervision and authority over the employee. The employees role in work, responsibility and loyalty will also be included.

14) Break-even Analysis: To include the use of break-even plotting for specific sales items, for departments and for the total business. Illustrations of how changes in cost or sales price effect the break-even point will also be included.

15) Maximizing Profit: To include the three primary methods of maximizing profit through 1) expense reduction, 2) increasing debt liability, and 3) acquiring outside capital. Sources of planning data will also be included.

SMALL BUSINESS MANAGEMENT PROCESSING AGREEMENT

This agreement is between Specialized Data Systems Inc., Box 9096, Madison, WI 53713
(herein referred to as "SDS") and ______________________________ of

______________________________(herein referred to as the "School").

Small Business Management Analysis

SDS agrees to process 3 copies of the following in accordance with the Documentation For the Small Business Management Analysis as authored by Dr. Rodger E. Palmer of the University of Minnesota.

1. Tables 1-7 for each cooperator.
2. One (1) Table 9 for each Department used by the cooperator

The School agrees to supply the input forms as designed by the project coordinator Dr. Rodger Palmer in order to transmit the necessary data for processing.

The School agrees to pay the following processing fees.

1. $20.00 per individual member receiving the initial processing of all tables.
2. $3.00 per individual member requesting a rerun due to inaccurate reporting by the School of its authorized representative.

Additional Considerations

The following conditions are understood by both parties accenting this agreement:

1. The School shall pay for all shipping, postage, and handling of input to SDS and SDS shall pay all shipping, postage and handling of supplies and reports to the School.
2. SDS shall in no way be responsible for the authenticity of accuracy of any input submitted. SDS shall be responsible for mathematical computations to a reasonable degree of accuracy consistant with the excercise of responsible diligence.
3. The School agrees to pay all processing charges within 30 days of each invoice date, or a finance charge of 1% per month may be assessed.
4. SDS will not make this data available to parties other than the School unless expressly agreed to by the School. It is understood that this data is available to the Project Coordinator and the Schools for research purposes in order to improve the Small Businesses of the states serviced by this program, and that after 7 years this data may be destroyed.
5. This agreement covers the processing of the Small Business Analysis until terminated by either party. It is understood that SDS will give 90 days advance notice before termination or modification of this agreement.

School ______________________________

By ______________________________ Date ______________________________

Title ______________________________

Accepted at Specialized Data Systems Inc.
By ______________________________ Date ______________________________

CRITERIA FOR SUCCESS

1. BUILD CONFIDENCE IN YOUR ABILITY TO COUNSEL AND ADVISE.
2. RESPECT CONFIDENTIAL NATURE OF BUSINESS INFORMATION.
3. START AND CARRY THROUGH -- DON'T BOG DOWN.
4. READJUST WORK SCHEDULE -- ESTABLISH PRIORITIES.
5. PLAN INSTRUCTION CAREFULLY BOTH IN THE CLASSROOM AND FOR INDIVIDUAL INSTRUCTION.

WHY TEACHERS FAIL

1. Failure to follow through.
2. Poorly planned class sessions.
3. Failure to build confidence.
4. Poor or misleading information.
5. Poorly selected group.
6. Lack of in-business instruction -- poorly planned.
7. Failure to give attention to details that insure adequate data base from which decisions can be made.
8. Broken promises.

UNIT VII

INDIVIDUALIZED INSTRUCTION IN SMALL BUSINESS MANAGEMENT

Objective

At the end of this unit the student should be able through simulation, to conduct the "At-The-Business" segment of the Small Business Management Education Curriculum.

A. Importance of Good Planning for Individualized Instruction

1. Characteristics of the adult learner: Use transparency VII-A-1 to review the ways in which adults differ in learning characteristics.

2. High cost of instruction.

3. Value placed on instruction by students.

   a. Relate Hohenhaus' study of farm management program, value placed on individual instruction stands out as most valuable contribution (M.A. Paper), VII-A-3a.
   b. Norman's study which shows negative attitude toward programs where individual instruction is not part of curriculum plan, VII-A-3b.
   c. Norman's study which reinforces Hohenhaus' findings of importance placed on individual instruction, general reactions of minority enrollees.
   d. Report of National Task Force on continuing education which outlines the ideal program, places emphasis on individual instruction.

4. Demand on clients productive time.

   a. Instruction takes place during the day when managers are busy.
   b. Importance of good image - working in the place of business.

5. Preparation necessary before instruction.

   a. Need to keep record of visits so you can review previous discussions.
   b. Need to review family and business goals.
   c. Need to review analysis (if available) so instructor is informed - necessitates keeping a working file

1) Contents of working file. Handout, Student File and Business Operator's File, VII-A-5c.
   - a) Goal statements
   - b) Last balance sheet or business analysis if available
   - c) Record of visits
   - d) Special materials prepared for client
   - e) Any releases for discussion with credit agencies
   - f) Application and agreement forms

d. Expect preparations from client as well.
   - 1) Arranged work schedule
   - 2) Prepared materials
   - 3) Collected questions and queries
   - 4) Has materials in order that were requested

B. Good Reasons for Individual Instruction: Use transparency VII-B to emphasize the positive aspects of individual instruction.

1. Adjusts to speed of learner.
2. Individual application of classroom material.
3. Work on problems for which student has unique alternative solutions.
4. Problems unique to the business.
5. Confidential problems.

C. Procedures for Organization and Delivery

1. Importance of Scheduling

   - a. Mark of good teacher management
   - b. Allows planned preparation
   - c. Saves on travel - Handout, Instructor's Monthly Mileage Report, VII-C-1c
   - d. Groups people with like problems
   - e. Allows client to get ready - arrange his/her own time
   - f. Assumes good visit distribution

2. How to Schedule?

   - a. Teacher schedules
   - b. Student schedules
   - c. Importance of reminders - procedures
     - 1) Telephone
     - 2) Mail

D. Evaluation of Individual Instruction: Handout, "Anecdotes from Small Business Management Programs," VII-D

1. Was client there and ready?
2. Did you accomplish what you planned to accomplish
3. Did client seem at ease - was he/she pleased?
4. Was most of time devoted to instruction?
5. Is client putting into use the decisions made or discussed during on-site instruction?

E. The Work Week: Handout VII-E

CHARACTERISTICS OF THE ADULT LEARNER

1. Tends to be more rigid in his/her thinking.

2. Usually requires a longer time to perform learning tasks.

3. Wants learning that has immediate and direct application to his/her objectives.

4. Has difficulty remembering isolated facts but is capable of considering broad, complex problems.

5. Has more responsibilities which compete with education for his/her time.

6. Wants to be treated as a mature person and resents having teachers talk down to him/her.

7. Assumes more responsibility for the extent to which conclusions arrived at in class meetings are put into practice.

8. Is not a captive audience - has more control over what he/she does.

AN EVALUATION OF THE VOCATIONAL AGRICULTURE FARM MANAGEMENT PROGRAM OF SOUTHERN MINNESOTA

By

William Edward Hohenhaus
August, 1964

Chapter IV

CONCLUSIONS

Education, like any other type of business faces occupational hazards. In adult education it is providing an adequate program to meet the needs of the adult community. Over the years Vocational Agriculture has been one of the leaders in adult education in Minnesota. Great strides have been made since the initiation of the Vo-Ag Farm Management program in 1953. Here is evidence of an adult education program that encompasses and meets the needs of an entire segment of the community. Conscientious educators must avoid the pitfalls connected with limited success. This means evaluating the present program and outlining procedures to follow for expansion and improvement of the future program.

The average age of the farm operator participating in the Vo-Ag Farm Management Program in Southern Minnesota, is 38 years. This could mean that, the middle-aged farm operator, whose family and business is growing, feels a need for accurate records and instructional aid. The lack of participation by the beginning farmer points to a weakness in the High School and Young Farmer programs.

The older established farmer could also use some instructional help. This is the age when the successful operator should plan for retirement and transfer of property.

Instructors are working with an average size Southern Minnesota farm acreage in the Vo-Ag Farm Management Program. The 91 farm management co-operators were farming an average of 206 acres of land.

A relatively heavy concentration of livestock was found on these farms. This would indicate that the family farm operator is utilizing his labor supply and limited capital in the production of livestock to increase his income. Sixty-two co-operators reported an average of 47 dairy animals per farm. Fifty-two members reported an average of 245 hogs produced per year.

Most of the families had been farming several years. Tenure in farming tied in directly with age of operator in this survey. Beginning or older established farmers are not being served. Only 15 out of 91 farmers had been farming less than six years.

Farm Management I, II and III seems to have the largest number enrolled, with 57% participation. There is little drop-out after the first three years of instruction. Forty-three percent of the co-operators were in advanced classes. Here is evidence of the need for an expanded program in farm management. The Vo-Ag instructor must not become burdened with advanced members and ignore the demand for service by potential farm co-operators. This may be the trend in schools where the program has been established for a period of years and additional teachers are not employed.

One-third of the farm families surveyed had participated in record keeping classes in the Veterans program. This indicates that a potential member must be contacted or be familiar with the program before he has a desire to participate.

Completion of the Veterans training was the reason why 70% of those that had been in the program switched to the Minnesota Vo-Ag Farm Management program. This would tend to show that a good percentage of the Vo-Ag Farm Management members were familiar with the program and realized the need to continue in such a program.

Personal contact by the instructor seemed to be the most common form of contact for participation in the program. It would seem that this would be the most favorable approach for securing new members for the Farm Management classes. A written agreement with pre-payment of fees would put the program on a more business like basis. The possibility of drop-outs would be rather limited with this type of agreement between the instructor and co-operator.

How is the farm business summary information used by the farm family? This question is partially answered by the farm families surveyed. Using the summary information as an indicator of progress was the most frequent answer, with 85% responding. Seventy-five per cent of the co-operators used summary data for their income tax. It was surprising to note the little use made of the summary to obtain credit. Thirty-eight per cent of the farm families used their summary to obtain credit.

The Farm Management Co-operators ranked their use of summary information in the following order: as an indicator of progress, making major management decisions, making day-to-day decisions and obtaining credit. Household and personal spending are definitely an important faction of the family farm business. Yet, only six or seven per cent of the farm management members had made any adjustment in their spending based on the summary data. This may indicate a lack of instruction in the importance of spending in this area or the lack of demand for accurate household and personal records. About 85% of the co-operators had made adjustments in the crop and livestock enterprises.

Classroom instruction was very valuable to 42% of the farm families. The co-operator that had been in the program for several years, indicated they found classroom instruction of some value. By this time apparently little new or useful material was being offered. Better preparation of instructional materials would seem to be in order here.

Seventy-one percent of the farm families found on-the-farm instruction very valuable to them. The majority of them stressed the need for more frequent visits and work outlined to be accomplished on each visit. These responses would tend to indicate the need for a well organized on-farm instruction schedule on the part of the instructor.

The discussion of farm business in general was the most common procedure followed on farm visits. The farm account book was checked in the majority of cases. The average co-operator stressed desire for more help in planning and making adjustments in his farm business.

Farm tours were helpful to 55% of the farmers. They would like to see the tours planned as to be more educational. Several individuals considered the spreading of disease a problem with tours.

Many changes in the farm account book were advocated by the Farm Management Members. The majority would like loose-leaf books or pages that could be added. Seventy percent of the co-operators would like to have a greater breakdown in the book for each enterprise.

Most of the farmers surveyed considered the farm business analysis they received adequate. The improvements they would like to see are in the use of the summary. Thirty-six percent of the members would like to receive their analysis earlier so they could use it to make plans for the coming years operation. Twenty-three of the co-operators wanted help in the interpretation of analysis information.

The co-operators were unable to give a concrete answer to the question, "How much is the program worth to them in dollars and cents." The answers varied all the way from $20 to $1000. Many said they were unable to place a value on the program in dollars and cents.

One way a value can be placed on the program is the increase in net worth for the co-operator for each year he has been a participant. Forty-nine families showing their net worth at the start of the program and what it is today, had an average increase in net worth of $2425.90 per year.

Suggested Changes and Improvements in the Minnesota Vo-Ag Farm Management Program

1. Expand the instructional program in Farm Management to include more beginning farmers and older established farmers.
2. Stimulate the growth of farm management instruction in more Vo-Ag departments.
   - A. Better training for instructors in farm management.
     1. More specialized courses in farm management for under-graduates in colleges.
     2. Two practice teachers should take training in a multiple teacher department so one may spend the majority of his time working with the adult program.
     3. Better in service training for employed teachers.
        - a. Graduate or short courses where the individual instructor will receive aid in the development of a workable course of study, developing teaching aids and a good background in instructional procedures.
        - b. Workshops covering the material needed by the participating teachers.
   - B. Improved teaching methods and materials.
3. Stimulate the growth of the established farm management program.
   - A. Strive for a beginning class in Farm Management I each year to meet the needs of the farming community.
   - B. Improve the instructional aid to the advanced student so he can make sound decisions based on his farm business summary.
4. Place more emphasis on various areas of farm management such as the efficient use of labor and household and personal spending.

5. Improve instruction techniques.
    - A. Better preparation for group instruction in the classroom.
    - B. Scheduled farm visits with established goals.
    - C. Better organized farm tours.
    - D. Better communications.
6. Design a more flexible farm account book.
7. Set up a definite release date for the analysis earlier in the year.

Excerpts from:

"Establishing Minority Small Businesses:
Case Studies of the Itinerary and Influence Of
Educational Intervention Among Three Cultures"

By: Thomas Eugene Norman

Itinerary for Business Establishment

Observations:

If there is a recipe for getting established in business, no two of the cases studied followed the same one, but there are nevertheless some commonalities in the itinerary followed. The most obvious commonality is that with the exception of one business, becoming an entrepreneur was not a first choice or entry level occupation. Because of the necessity to acquire capital, this observation is not a surprise. What was less expected, was the lack of an early life decision or goal to be an entrepreneur. In fact, in a majority of cases, it required long periods of employment or apprenticeship in an occupation before the desire to be an entrepreneur surfaced.

This late decision to enter into business is in contrast with the farm entrepreneur where decisions to become a business owner-operator are often fixed early in life.

A second observation relative to establishment itinerary is that the prospective entrepreneur first aims at becoming technically competent in a special area of business activity and either through work experience or combined experience-study, developed a high level of technical skill. At no time in the developmental process did the prospective entrepreneur consider it necessary to gain specific knowledge, skills or work experience as an entrepreneur or manager.

Decisions to become an entrepreneur, rather than being an orderly, well thought-out process, are often made as a response to a disruption in the normal life style -- or a desire to change the life style. Divorce, loss of a job, a move to a new location and other such life-disrupting events were mentioned in the cases studied as a motivating force to strike out on their own as an entrepreneur. This stimulus-response characteristic in many cases was a more viable force in motivating a person to become an entrepreneur than was a long term desire or urge to be self employed.

As might be expected, the most serious problem encountered in becoming established was the lack of adequate capital to finance a business. All of those interviewed reflected upon the necessity to make family sacrifices in terms of reduced revenue for family spending in the early stages of establishment. While some business owners lamented the lack of personal capital, still more verbalized their lack of understanding of the processes one must go through to obtain capital when getting established. While the problem of capital acquisition was real, it should be pointed out that all businesses studied were resourceful in one way or another in finding a solution to the problem.

Suggestions for Empirical Research:

The hypotheses suggested above related to the establishment itinerary suggest that some comprehensive research should be done on the process of business establishment. It is possible that some of the hypotheses will be found to be incorrect. It is likely, however, that for those hypotheses which are indeed correct, some reasonable solution to the problem can be found. The literature abounds in describing the lack of entrepreneurs among minority populations and the high rate of failure among those who attempt entrepreneurship.

A study which examines establishment on a large scale may identify itineraries for establishment that are not evident from the limited case study. it is probable that the itinerary for those who are successful in the service-technology businesses may be quite different from that of entrepreneurs who are successful in retail/wholesale enterprises. It is possible that with careful design a matrix of best itinerary/personal circumstances could be drawn which would provide more concrete guidelines for an individual entrepreneur and surplant the general recipe for establishment now commonly described in texts on starting a business.

The matrix of itinerary steps/circumstances could likewise be used to establish some minimum levels of capitalization necessary for establishment to reduce the incidence of failures during the initial years of establishment, given an indication of the kind and scope of businesses to be established.

Educational Intervention in Establishment Itinerary

Observations:

If educational programs were available at the time the businesses studied were becoming established, few of the respondents were aware of their existence. They neither knew of the existence of the programs nor had a clear understanding of the type of help that would be most appropriate. As reported earlier, the majority of the business operators entered business after acquiring a high level of a technical skill. The confidence that they had in their technical skills was sufficient to make training in business management seem unimportant at the time.

It was observed that the confidence in the initial level of skill development was short lived. Most cases reported that the business had not been established long before they realized the necessity for both a need to upgrade technical competency and to acquire more knowledge of management.

Even though many expressed a high level of interest in some form of education or training related to their business, few had taken advantage of the educational programs offered after the business was established. In all of the communities from which the subjects were selected, there were active programs sponsored by the SBA, NEDA and other educational agencies. It must be assumed that these programs were not offered without a considerable amount of publicity through the public media and through the organizations in the business community. Yet it should be noted that their forms of advertisement failed to spark the interest of the subjects to a level where they would actively participate.

Decisions to participate in either technically oriented or management oriented educational programs are often the result of a crisis dilemma rather than a planned part of the intinerary; the need for a special license, a financial crisis or outmoded technology sometimes provided sufficient motivation for the operator to seek outside assistance.

The apparent lack of attention to educational opportunity should not be interpreted as an anti-education attitude or disillusionment with the results that education could provide. It is rather a combination of lack of knowledge about opportunities and an uncertainty about the way in which the educational program could be of direct benefit to the individual business.

To more thoroughly understand the apparent disparity between the expressed need for some assistance and the lack of participation when programs aimed at providing such assistance were available, one must examine the nature of the programs and the context in which they were provided.

It was observed that the programs in which subjects participated (only two of the cases) or programs of which the subjects were aware had several distinct characteristics. First, the assistance programs were all of short duration, lasting from one to ten meetings in a concentrated series of business topics. Second, the assistance programs provided only classroom instruction with no attention given to individual businesses or to work within the proprietors own business. Third, there was no coordination between programs; no long range plan for combining the efforts of the several agencies to provide for long term continuity in the educational program. Fourth, the programs had no local institutional base from which they could operate or to which they had to be accountable, and fifth, the programs had either federal or local sponsorship without partnership in any statewide or state sponsored effort at coordination and thrust.

The above statement is not to be interpreted as a criticism of either the quality of the programs offered or the sincerety with which the sponsors attempted to meet areas of concern within a community. It is rather an observation made based upon the comments of the interviewees as they recounted their knowledge of or experience with management assistance progams in their communities.

The author would be remiss in not recognizing the assistance that respondents got from individuals. The non-formal assistance that was received from friends, business associates and other interested parties was credited with providing much of the knowledge that some of the business operators gained about management. Even though this assistance was not formalized, the businessperson was quick to recognize the value of his/her association with other individuals to the success of his/her business.

In summary, it can be generally observed that education was not a major intervention in the process of becoming established in a business. Few of the cases reviewed had participated in such activity although their current attitude toward the necessity of education in an intervening role was very positive.

Suggestions for Empirical Research:

It is suggested from the hypotheses stated above that some comprehensive research should be done on assessing the types of educational programs available for and needed by minority small business establishments. Further research should concern itself with appropriate intervention levels of management educational programs as a matter of checking at what point in time an intervening program (if any) would be beneficial.

Repeatedly, the respondents in this study commented that they were unaware of management assistance programs in their general areas of business. This, in fact, should alert those responsible for designing such programs to closely examine the public media and its mode of information dissemnation on a preference scale basis to see which media best encompasses the population concerned. Public media advertisement should be compared with personal invitation on the basis of both cost and effectiveness.

As stated earlier in this study, most of the case studies revealed a preference and need for management educational programs after the business was established and the business operator had an opportunity to apply his technical skills to the operation of the business. Serious consideration should be given to designing and administering alternative educational programs that would provide for a desirable mix of both technical and management skills and yet be operable within the time restraints under which most newly established business operators function.

Management education programs for small businesses would appear to gain more stability if supported by a local educational institution within the community. To test the hypothesis that a local institutional base is essential, programs of like quality design and purpose should be offered experimentally with both local institution and outside agency support to determine the most effective delivery organization.

The effectivenss of state coordination of management assistance is not easy to test. However, it is possible to find communities or regions of states that might be comparable on important characteristics. It would be valuable, in matched communities, to establish a coordinating agency in an experimental design to determine if the coordination of small business management programs could improve the effectiveness of such programs with a positive benefit-cost ration.

There are already a number of well designed short management assistance programs in operation through various public agencies. According to the respondents in this study, they failed to provide the needed services. Most frequently mentioned was the lack of personal attention and assistance. Could the programs be modified to deal with the same basic content but provide the personal one-to-one assistant which appears to be necessary? A comparative study of programs which include the personalized element with those which provide only group instruction may prove the personalized service to be economically feasible if this addition adds measurably to the effectiveness of the short-term program.

The Contribution of Educational Experiences to Success

Observations:

Since "success" in this study was used synonymously with survival, the cases studied did not provide any empirical measure of relative success. While there were obvious difference in the "apparent" or visable success of businesses, no attempt was made to gather financial data to measure success in a quantitative way, nor was there an attempt to tie the progress that a business had made to the goals the family had set or the value system of the family who may have adjudged a business of only moderate financial performance as being highly successful. Thus the contributions made by educational experiences can be reported or observed in only a very general way.

Early education (education in high school or before) seemed to play only a minor role in the success of the business. Only a few of the cases studied had experienced any high school education that was directly related to business activity, and that only in a very general way. While some reported the usefulness of business education vocational training in high school to the business, the usefullness was confined to carrying out the functions or duties of business labor rather than management. Office skills such as typing and filing were useful, but only as they related to the duties assumed by the operator or spouse for the daily routine of the business.

None of the respondents professed to having had business courses related to management, although it is likely that at least some had completed courses in such topics as business law, economics, or consumer education; all of which should have had some relationship to the kinds of managerial tasks the operator was now called upon to perform. If such courses had an impact on the success of the business, the relationship between success and such courses was not apparent to the operator.

It should be noted that the opportunities to enroll in business management related courses while in high school was severely limited, if in fact it did exist. Entrepreneurship training is an area of study that except in a few isolated schools has not found its way into the curriculum. An exception would be training in vocational agriculture where entrepreneurship has been given a high priority. However, even in this discipline it is unlikely that one who contemplated a career as a non-farm business owner-operator would seek to enroll in a discipline where the relationship to business ownership would be difficult to discern.

Some of the respondents chose to pursue a business oriented curriculum in college. Since the number who chose to enter business training in college was greater than those who selected to study the subjects in high school, there is a clue that the decisions to pursue a business oriented career are made late in the career decision process. In view of the lack of courses at the high school level which might provide an orientation to entrepreneurial occupations, this fact is not surprising. Students had to make decisions on career selection on the basis of their own independent observations of the role of entrepreneurs rather than on information provided in an ordered sequence of learning activities.

Since only two of the business operators attended any non-formal training either prior to or after getting established in business, few observations can be made relative to the effectiveness of such training. It should be noted however, that fifteen of the cases studied were currently enrolled in the Small Business Management pilot project programs in the respective communities. While the subjects claimed the current program to be highly desirable, it was too soon after the establishment of the program to determine how effective the program was in improving the management of the business or improving the level of business success. It should be noted that the operators gave credit to the program for some of the changes they made in their business which they thought would improve the effectiveness and ultimate success of the firm.

There were features of the current program that they considered to be essential elements. The most commonly mentioned was the relationship they had developed with their instructor during the in-the-business individualized instructional activity. The emphasis on a good record system with the attendant followup assistance was another feature frequently mentioned as highly beneficial. The opportunity to get together over a long term with other businesspersons to discuss like problems, share experiences and enjoy a desirable social experience was the third characteristic which subjects thought desirable. These characteristics are mentioned only because the author observed that these are features of the current program that were not common to other forms of management assistance available in the community and may be important factors in motivating a family to participate in management training.

Suggestions for Empirical Study:

At the time of this writing, there are two national projects sponsored by U.S. Office of Education designed to implement business management orientation and skills courses at the high school and post high level. A third project to develop materials for use in the junior high school to develop awareness of business ownership as a career has already been completed. These programs are founded on the unproven supposition that exposure to the roles and responsibilities of the entrepreneur during the career decision period of a study will increase the incidence of those who elect business ownership and management as a career. Since these programs will be implemented, it will be important to test how effective they are at accomplishing their goal. The cases studied demonstrated that few decisions to enter business are made at an early age. The curriculum in schools provided few opportunities for those in the study to choose business management related courses. With the advent of management oriented courses in the school, it will be important to determine if the career decision situation relative to business management will be influenced.

Career education at the high school level also places emphasis on education for work. It is the intent to redirect courses currently offered in such a way that the relationship to the world of work can be more readily observed. Does this concept apply to business entrepreneurship? Will the redirection of the general courses like business law, economics and consumer education lead to a recognition in latter life of the contribution such courses made to the management or operation of a business?

More work needs to be done on determining when certain levels of career decisions occur. Is there a hierarchical order in which decisions are made, and if so, where in the hierarchical order to decisions to enter business fall? A study that combines both an examination of aspirations and career decisions may shed some light on when courses designed to assist in getting established in business may most appropriately be placed in the school curriculum.

Finally, some attention must be given to the individualized or personalized mode of instruction for the businessperson. How much does it improve program effectiveness? How much does it cost? Do the benefits exceed the costs? What place does personalized instruction have in the role and responsibility of publc agencies? These and other questions can help to solve the problem of acceptance of public assistance programs by both the users and those who must provide the financial support.

Assessment of Needs

Observations:

Almost all of the cases studied recognized the need for some form of management assistance in getting their businesses established. In fact almost all expressed a desire to have some assistance before the business was established. However, it must be recognized that hindsight is usually more revealing than foresight. Since most of the businesses were started on the basis of the entrepreneur's skills or technology rather than knowledge of business, it is questionable if the same attitude would have prevailed at the time the business was starting. The fact that there were programs and assistance available through various public agencies at the time business organization was contemplated, yet none sought out such assistance may be evidence that such programs would be no more successful today than they were in the past in reaching those who had made a decision to be an entrepreneur.

It is apparent that the opportunity to engage in management training needs to come early in the life of a business. This observation is based not only on the response of the business operators interviewed who generally responded "assistance should be provided as early as possible" but also in the historical record of business failure which shows the greatest failure rate to be concentrated in the first three years of operation. An earlier observation pointed to the fact that confidence in ability to manage a business eroded when the operator discovered that being a skilled technician was not adequate to sustain a viable business operation. To be most acceptable to the business operator, it is probable that the offer of management assistance should be made at a point that generally coincides with the erosion in confidence to manage. From the cases studied, the indications are that this point will occur sometime during the first three years of operation. The best leads for recruiting people into a management program may come from a list of newly established businesses in a community. Some contact with the business operator during his first year of establishment and follow-up recruitment visits made in the second or third year may provide the best opportunity for matching the availability of assistance with the initial erosion in confidence to manage.

Needs were expressed for technical training as well as for management skills. However, the technical training was generally thought useful later in the establishment itinerary than was management assistance. It should be remembered that most cases studied started business based upon their technical skills, so it is not surprising that it took longer for the need for technical skill upgrading to surface. It should also be noted that many had already engaged in technical training prior to establishment and may have been confidence that their technical skills were of high quality.

The reader should not assume that all business operators hunger for either technical or management training. As observed in some of the cases, there was no desire to become engaged in any form of training. When the operator was at an advanced age or when the type of business operated required low levels of both technical skills and management, the operator saw little need for training and in fact stated emphatically that he/she would not enroll. Thus, it is observed that management training is not desired by everyone and programs should not necessarily be designed to serve the whole population of minority business operators, but rather that the programs should be designed to concentrate on the problems of those who are determined to be most likely receptive to the opportunity.

Because most of the cases studied were currently enrolled in a management assistance program, it is likely that their awareness of both past needs and future opportunities for training was heightened. This supposition became evident as they projected the kinds of training to which they looked forward, both in technical and business training opportunities. While some of the cases had children already engaged in the business as family helpers, few of the operators had made any plans to incorporate the family members into the business. However, they expressed the necessity for their own children to get a "good education" and those who considered the possibilities of the young family member entering business, specified the necessity for business training. The educational level of the subjects seemed to have little bearing on the level of education they aspired to have their children obtain.

When asked to respond relative to future training needs, operators tend to respond instead relative to business needs. Such things as business expansion, obtaining more capital, finding a new business location seemed to take prescedence over thoughts about specific areas of training needs in either management or technology.

In summary, the best definition of when assistance should be available is "early." But the "early" response must be tempered by what has been observed about the propensity of operators to fail to recognize the need for management assistance until the business has been established and has experienced at least a brief period of operation.

Suggestions for Empirical Research:

The hypotheses outlined previously can likely be combined in a single comprehensive study. To test the level of acceptance of or recognition of the need for management assistance would require the identification of a population of potential business operators with a longitudinal study of their expressed desire for management assistance over a period of years. Such a study would be significant in helping to pinpoint more exactly the readiness for educational intervention and would be an aid to planning programs that in content and concept best matched the needs commonly identified as being crucial to business success.

Both the level of goals of the business operator and the levels of education to which he/she aspires for the operators' family members can be determined within the study group. Again a longitudinal approach to this question will allow the researcher to equate the aspiration and goal levels with shifting assessment of need levels of the operator, and could more adequately answer the question of the relationship of aspirations for family to success if there is a developmental history of the business success for each operator and a record of the shifts or adjustments in the family-business goals.

Summary

This study was not designed to provide answers to the key questions outlined in the problem statement. The purpose was rather to observe, hypothesize and suggest research needs.

The author has attempted to satisfy the major purpose by addressing each of the key questions in turn: What was the itinerary? When did education intervene? How effective was the educational intervention? And, at what points in establishment do established business operators consider education to be most crucial.

The observations have been made based upon the subjects upon which case studies were conducted and upon knowledge gained through the literature. The hypotheses are all considered to be testable and would each add a significant bit of knowledge about the establishment and education process. Suggestions for research are included to simply demonstrate that the hypotheses are indeed testable. While no specific designs are outlined, the general nature of the research that needs to be done to adequately address the key questions posed in the problem is elaborated.

Little is actually known about either itinerary for establishment or educational intervention. It is hoped that this study will pave the way for further research in this vital area and will spark the interest of both educators and business experts to examine the general problems of itinerary and intervention more closely.

BUSINESS OPERATOR'S FILE

Name of Business ______________________________

Address ______________________________
Street City State Zip

Phone Number ______________________________
Home Business

Name of Owner(s) ______________________________

Type of Business ______________________________

Number of Employees ______________________________
Full Time Part Time Total

Members of Family (Other than Owner) ______________________________
Name Relationship

______________________________ ______________________________
Name Relationship Name Relationship

______________________________ ______________________________
Name Relationship Name Relationship

Length of Time Business Operated By Present Owner ______________________________

____

Date Started Small Business Management Program ______________________________

Condition of Business Starting ______________________________

Appearance of Business Starting ______________________________

Record Keeping System Starting ______________________________

Operator's Attitude Starting ______________________________

Goals of Business/Family Starting ______________________________

____

Instructor's Comments ______________________________

____

____

____

____

OPERATOR'S AT-THE-BUSINESS RESUME & CLASS RECORD

Name of Business ____

Address ____

Street City State Zip

DATE	INTENT, RESULTS AND COMMENTS OF CALL	CLASS

OPERATOR'S BUSINESS AND PERSONAL GOALS

Name of Business ______________________________ Date ____________

Owner(s) Name ________________________________ City ____________

Immediate Goals: (Next 1 to 2 years)

Mid-Range Goals: (Next 2 to 5 years)

Long-Term Goals: (Next 5 years and beyond)

Pine City Area Vocational-Technical Institute
Pine City, Minnesota 55083
Phone 629-3415

APPLICATION FOR SMALL BUSINESS MANAGEMENT PROGRAM

Name of Business ______________________________

Address of Business ______________________________
Street City State Zip

Name of Owner(s) ______________________________

Type of Business ______________________________

Number of Employees ______________________________
Full Time Part Time Total

Is Your Spouse Active in the Business ______________________

Who Does the Bookkeeping ______________________

How Long Has the Business Been Operated by the Present Owner? ________

Did Business Exist Prior to Present Owner? ______ If Yes, How Long? ______

Does Present Owner Intend to Continue In Business? ____________

List Family Members (Other than spouse) Who Now Participates In The Business Regularly? ______________________________

____

____

Can Owner Attend One Monthly Class Meeting? ____________

State Choice of Time for Class Meeting ______________________
Evening Time

Phone Numbers Where Owner May Be Reached ______________________
Business Home

Date ______________ Owner's Signature ______________________

Important Note: All approved applications include all members of the owner's family and/or such key employees as the owner may wish to include in this instruction program.

Pine City Area Vocational-Technial Institute
Pine City, Minnesota 55083
Phone 629-3415

SMALL BUSINESS MANAGEMENT PROGRAM AGREEMENT

As an enrollee in the Small Business Management Training Program, I hereby agree to the following provisions:

1. That I will use a record keeping system that is adequate for business analysis during the year _____, and that I will keep records of inventories, receipts and expenses and non-business assets and liabilities to the best of my abilities.
2. That I will make tuition payment of $_________ per _________.
3. That I will attend group class meetings regularly.
4. That I will submit my records for analysis at the close of the business year.

As a representative of the Small Business Management Department, in cooperation with the Agricultural Education Department, University of Minnesota, I agree to provide the following to the enrollee:

1. Assistance with establishing beginning inventories, and all other beginning entries.
2. Periodic checks of the enrollee's record books for accuracy and completeness.
3. Assistance in the preparation of necessary summaries and forms at the close of the business year as required for the analysis.
4. Submit the necessary records to the analysis center.
5. Provide the enrollee with a copy of the completed analysis for the business year, and to discuss the results.
6. Strict confidence pertaining to all matters of his business.
7. Monthly consultations at the enrollee's place of business.
8. Maintain the best interest of the enrollee's business at all times.

Date ______________________________

____
Small Business Management Enrollee

____
Small Business Management Instructor

SMALL BUSINESS MANAGEMENT EDUCATION PROGRAM

Name Al Brown

Home Address 1441 Jackson St. No.

Home Phone 449-4145 Business Phone 449-6100

Name of Business Browns Furniture Store

Business Address 1512 W. Jefferson St.

Please check one:

✓ I am interested in hearing more about this program. Please contact me.

___ I am interested in the program but cannot participate at this time.

___ I am not interested.

Send to: Small Business Management Coordinator
Faribault Area Vocational-Technical Institute
Faribault, MN 55021

BUSINESS OPERATOR'S FILE

Name of Business Browns Furniture store

Address 1512 Jefferson W.
Street City State Zip

Phone Number 449-4145 449-6100
Home Business

Name of Owner(s) Al Brown

Type of Business Furniture store

Number of Employees 2 1 2.5
Full Time Part Time Total

Members of Family (Other than Owner) Alice Brown wife
Name Relationship

Bob Brown Son Jill Brown Daughter
Name Relationship Name Relationship

Name Relationship Name Relationship

Length of Time Business Operated By Present Owner 4 years

Date Started Small Business Management Program Oct. 1, 1976

Condition of Business Starting good

Appearance of Business Starting Good

Record Keeping System Starting Fair

Operator's Attitude Starting Good

Goals of Business/Family Starting

Instructor's Comments Needs additional work on record system, wife could be utilized to Keep records. Family + business goals need to be worked on.

OPERATOR'S AT-THE-BUSINESS RESUME & CLASS RECORD

Name of Business Browns Furniture store

Address 1512 W. Jefferson
Street City State Zip

DATE	INTENT, RESULTS AND COMMENTS OF CALL	CLASS
1-20-77	worked on changing record system to Data-Rite wife will be principal record Keeper.	Jan- wife + Husband attended
2-25-77	Set up procedures for Keeping inventory.	Feb- Both Attended
		March- Husband only

Goal Statement: Alice Brown

1. I would like to expand our business so that we can buy a larger house. Our children (6 yr. boy - 4 yr. girl) will soon need to have a room of their own.
2. I would like to hire more help so that Al can be with the the family more often.

Goal Statement: Al Brown

1. I would like to expand our business so that we could purchase some modern equipment and build a new building for the business.
2. I would also like to see the business expand so that our two children could reasonably expect to obtain the education they would like after they graduate from high school.

OPERATOR'S BUSINESS AND PERSONAL GOALS

Name of Business Browns Furniture store Date

Owner(s) Name Al Brown City

Immediate Goals: (Next 1 to 2 years)

To expand business with purchase of additional equipment + Also purchase new replacement equipment.

Mid-Range Goals: (Next 2 to 5 years)

Buy- build or rent a larger facility to expand business.

Long-Term Goals: (Next 5 years and beyond)

Pine City Area Vocational-Technical Institute
Pine City, Minnesota 55083
Phone 629-3415

APPLICATION FOR SMALL BUSINESS MANAGEMENT PROGRAM

Name of Business Browns Furniture store

Address of Business 1512 W. Jefferson
Street City State Zip

Name of Owner(s) Al Brown

Type of Business Furniture store

Number of Employees 1 1 1.5
Full Time Part Time Total

Is Your Spouse Active in the Business No

Who Does the Bookkeeping I do

How Long Has the Business Been Operated by the Present Owner? 4 yr.

Did Business Exist Prior to Present Owner? no If Yes, How Long?

Does Present Owner Intend to Continue In Business? yes

List Family Members (Other than spouse) Who Now Participates In The Business Regularly?

Can Owner Attend One Monthly Class Meeting?

State Choice of Time for Class Meeting 7:30
Evening Time

Phone Numbers Where Owner May Be Reached 449-6100 449-4145
Business Home

Date 9-20-77 Owner's Signature Al Brown

Important Note: All approved applications include all members of the owner's family and/or such key employees as the owner may wish to include in this instruction program.

Pine City Area Vocational-Technial Institute
Pine City, Minnesota 55083
Phone 629-3415

SMALL BUSINESS MANAGEMENT PROGRAM AGREEMENT

As an enrollee in the Small Business Management Training Program, I hereby agree to the following provisions:

1. That I will use a record keeping system that is adequate for business analysis during the year 76, and that I will keep records of inventories, receipts and expenses and non-business assets and liabilities to the best of my abilities.
2. That I will make tuition payment of $ 200 per year.
3. That I will attend group class meetings regularly.
4. That I will submit my records for analysis at the close of the business year.

As a representative of the Small Business Management Department, in cooperation with the Agricultural Education Department, University of Minnesota, I agree to provide the following to the enrollee:

1. Assistance with establishing beginning inventories, and all other beginning entries.
2. Periodic checks of the enrollee's record books for accuracy and completeness.
3. Assistance in the preparation of necessary summaries and forms at the close of the business year as required for the analysis.
4. Submit the necessary records to the analysis center.
5. Provide the enrollee with a copy of the completed analysis for the business year, and to discuss the results.
6. Strict confidence pertaining to all matters of his business.
7. Monthly consultations at the enrollee's place of business.
8. Maintain the best interest of the enrollee's business at all times.

Date 9-20-77

Small Business Management Enrollee

Bill Hall
Small Business Management Instructor

23-00-001 AL BROWN D/B/A BROWN FURNITURE
05/24/78 YEAR ENDING 12/31/77
190 FURNITURE STORE

TABLE 1. SUMMARY OF BUSINESS INVENTORIES

475.	GROSS INCOME-SALES AND SERVICES		$ 153,803
A.	GROSS EXPENSES -NOT INCLUDING OPERATOR LABOR		$ 121,833
699.	NET OPERATING INCOME OR PROFIT		$ 31,970
B.	NUMBER OF WORKERS REQUIRED -ACTUAL- FULL TIME	5	
	PART TIME	1	
C.	NUMBER OF WORKERS REQUIRED -EQUIVALENT	3.5	
D.	NET RETURN PER WORKER EQUIVALENT		$ 13,332
E.	CAPITAL INVESTMENT PER WORKER EQUIVALENT		$ 21,562

F.	ASSETS	BEGINNING	ENDING	
121.	MERCHANDISE HELD FOR RESALE	$ 29,610	$ 22,525	
181.	BARE LAND	3,000	3,000	
182.	BUILDINGS	22,200	20,720	
184.	EQUIPMENT & FIXTURES	3,347	2,703	
186.	VEHICLES	2,300	3,970	
188.	AMORTIZABLE COSTS			
G.	TOTAL NON-CASH ASSETS	$ 60,457 *	$ 52,918 *	
H.	INCREASE OR DECREASE IN NON-CASH ASSETS			-$ 7,539

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TABLE 2. INCOME AND EXPENSE STATEMENT

			RATIO
400.	INCOME		
421.	SALES OF GOODS & SERVICES	$ 153,803	99.07
870.	FAMILY USE OF GOODS & SERVICES		
A.	TOTAL GOODS & SERVICES	153,803	99.07
749.	SALES OF ASSETS	845	.54
B.	TOTAL OTHER BUSINESS INCOME	600	.39
C.	INCREASE IN NON-CASH ASSETS		
D.	TOTAL INCOME	$ 155,248 *	100.00
600.	EXPENDITURES		
521.	MERCHANDISE PURCHASED FOR RESALE	$ 85,702	55.20
608.	OFFICERS SALARY		
609.	PAID FAMILY WAGES	500	.32
610.	SALARIES & WAGES	13,412	8.64
611.	PAYROLL TAXES	780	.50
612.	ADVERTISING	610	.39
613.	HEAT & ELECTRICITY	1,498	.96
615.	WATER & TELEPHONE	236	.15
617.	INSURANCE	850	.55
619.	REPAIRS & MAINTENANCE - LAND	140	.09
620.	REPAIRS & MAINTENANCE - BUILDINGS	942	.61
621.	REPAIRS & MAINTENANCE - EQUIP & FIXT	178	.11
622.	REPAIRS & MAINTENANCE - VEHICLES	499	.32
623.	GAS, OIL & GREASE	1,010	.65
624.	LEGAL & ACCOUNTING	283	.18
625.	PROPERTY TAXES	1,664	1.07
626.	CONTRIBUTIONS & DONATIONS		
627.	SHOP & OFFICE EXPENSE		
629.	ENTERTAINMENT, DUES & TRAVEL	9	.01
631.	LICENSES	193	.12
638.	BAD DEBTS		
639.	RENT	1,500	.97
641.	MISCELLANEOUS & OTHER EXPENSES		
642.	DELIVERY & POSTAGE	18	.01
644.	SELLING EXPENSES		
645.	EMPLOYEE BENEFITS		
646.	TRASH & BREAKAGE		
648.	COLLECTION & BANK CHARGES		
650.	SUPPLIES	214	.14
E.	TOTAL EXPENSES	$ 110,238 *	71.01
750.	PURCHASES OF ASSETS		
760.	BARE LAND	$	
762.	BUILDINGS		
764.	EQUIPMENT & FIXTURES		
766.	VEHICLES	2,900	1.87
769.	AMORTIZABLE COSTS		
F.	DECREASE IN NON-CASH ASSETS	7,539	4.86
G.	INTEREST ON INVESTMENT AT 6 %	3,401	2.19
062.	UNPAID FAMILY LABOR	1,000	.64
H.	TOTAL EXPENDITURES	$ 125,078 *	80.57
RLM.	RETURN TO OPERATORS LABOR & MANAGEMENT	$ 30,170 *	
CLM.	RETURN TO CAPITAL, FAMILY LABOR & MGMT.	$ 33,115 *	

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BROWN FURNITURE
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TABLE 2.1 INCOME AND EXPENSE STATEMENT - BUSINESS ONLY

400.	INCOME				RATIO
421.	MERCHANDISE SALES			$ 152,107	98.90
460.	CUSTOMER LABOR			1,696	1.10
475.	NET SALES OF GOODS & SERVICES			$ 153,803 *	100.00
500.	COST OF GOODS OR SERVICES SOLD				
121.	BEGINNING INVENTORY		$ 29,610		19.25
521.	MERCHANDISE PURCHASED		84,098		54.68
550.	FREIGHT IN COSTS		1,234		.80
561.	SUBLET LABOR		370		.24
A.	GOODS OR SERVICES AVAILABLE		$ 115,312 *		74.97
121.	ENDING INVENTORY		22,525		14.65
598.	COST OF GOODS OR SERVICES SOLD			$ 92,787 *	60.33
599.	GROSS PROFIT FROM SALES			$ 61,016 *	39.67
600.	EXPENSES				
609.	PAID FAMILY LABOR		500		.33
610.	SALARIES & WAGES		13,412		8.72
611.	PAYROLL TAXES		780		.51
612.	ADVERTISING		610		.40
613.	HEAT		971		.63
614.	ELECTRICITY		527		.34
616.	TELEPHONE		236		.15
617.	INSURANCE		850		.55
618.	INTEREST		1,456		.95
619.	REPAIR & MAINT. - LAND		140		.09
620.	REPAIR & MAINT. - BUILDINGS		942		.61
621.	REPAIR & MAINT. - EQUIP & FIXT		178		.12
622.	REPAIR & MAINT. - VEHICLES		499		.32
623.	GAS, OIL & GREASE		1,010		.66
624.	LEGAL & ACCOUNTING		283		.18
625.	PROPERTY TAXES		1,664		1.08
629.	ENTERTAINMENT & PROMOTION		9		.01
631.	LICENSES		193		.13
635.	DEPR-BUILDINGS	$ 1,480			.96
636.	DEPR-EQUIP & FIXT	$ 644			.42
637.	DEPR-VEHICLES	$ 930			.60
634.	DEPRECIATION TOTAL		3,054		1.99
639.	RENT		1,500		.98
643.	POSTAGE		18		.01
650.	SUPPLIES		214		.14
698.	TOTAL EXPENSES & DEDUCTIONS			$ 29,046 *	18.89
699.	NET OPERATING PROFIT			$ 31,970 *	20.79
B.	OTHER BUSINESS INCOME				
781.	RENTAL INCOME			600	.39
792.	OTHER			545	.35
397.	NET PROFIT			$ 33,115 *	21.53

C. SUPPLEMENTARY MANAGEMENT INFORMATION

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D.	TOTAL HOURS OF LABOR REQUIRED		7,000
E.	TOTAL INVESTMENT REQUIRED	$	75,466
F.	BUSINESS PROFIT PER WORKER UNIT	$	9,134
G.	BUSINESS PROFIT PER $1000 INVESTED	$	424
H.	BUSINESS PROFIT PER $100 OF TOTAL COST	$	26
I.	PERCENTAGE OF NET PROFIT TO NET SALES		20.8

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TABLE 3. SUMMARY OF GROSS MARGINS AND NET DECREASES

A.	DEPARTMENTAL GROSS MARGINS		
599.	01 BEDROOM		12,822
599.	02 LIVING RM & DINING RM		12,767
599.	03 KITCHEN		11,856
599.	04 MISC		12,172
599.	05 USED		9,703
599.	06 TRUCKING SERVICE		1,696
599.	TOTAL OF DEPARTMENTAL GROSS MARGINS	$	61,016
780.	OTHER BUSINESS INCOME		600
B.	TOTAL RETURNS AND NET INCREASES	$	61,616
C.	EXPENSES AND NET DECREASES		
181.	LAND	$	140
182.	BUILDINGS		2,422
184.	EQUIPMENT & FIXTURES		822
186.	VEHICLES		1,894
605.	LABOR COSTS		15,692
612.	ADVERTISING		610
613.	UTILITIES		1,734
617.	INSURANCE		850
624.	LEGAL & ACCOUNTING		283
625.	TAXES & LICENSES		1,857
626.	CONTRIBUTIONS & DONATIONS		
627.	SHOP & OFFICE EXPENSE		
629.	ENTERTAINMENT, DUES & TRAVEL		9
638.	BAD DEBTS		
639.	RENT PAID		1,500
641.	MISCELLANEOUS & OTHER EXPENSES		
642.	DELIVERY & POSTAGE		18
644.	SELLING EXPENSE		
646.	TRASH & BREAKAGE		
648.	COLLECTION & BANK CHARGES		
650.	SUPPLIES		214
651.	AMORTIZATION		
D.	INTEREST ON NON-CASH INVESTMENT AT 6 PERCENT		3,401
E.	TOTAL EXPENSES AND NET DECREASES	$	31,446
RLM.	RETURN TO OPERATORS LABOR & MANAGEMENT	$	30,170

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TABLE 4. BALANCE SHEET - BUSINESS ONLY

A.	ASSETS		BEGINNING		ENDING
100.	CURRENT ASSETS				
101.	CASH IN BANK		$ 2,925		$ 27,976
102.	CASH PETTY		100		100
109.	ACCTS/REC. 0-30	$ 802		$ 1,084	
110.	ACCTS/REC. 30-60	105		3,062	
111.	ACCTS/REC. 60-60	43		262	
112.	ACCTS/REC. OVER 90			1,098	
108.	TOTAL A/R	950 *		5,506 *	
114.	ALL. FOR BAD DEBTS				
B.	NET A/R		950		5,506
115.	NOTES RECEIVABLE				
116.	INS				
121.	MERCHANDISE INVENTORY		29,610		22,525
141.	SECONDARY MERCHANDISE INV.				
158.	PREPAID INTEREST				
160.	PREPAID RENT				
161.	PREPAID INSURANCE				
162.	PREPAID TAXES				
163.					
168.	STOCKS & BONDS				
170.					
179.	TOTAL CURRENT ASSETS		$ 33,585 *		$ 56,107 *
180.	FIXED ASSETS		REMAINING VALUE		REMAINING VALUE
181.	BARE LAND		$ 3,000		$ 3,000
182.	BUILDINGS	$ 37,000		$ 37,000	
183.	ACCUM. DEPR. BLDGS.	14,800	22,200	16,280	20,720
184.	EQUIP. & FIXTURES	$ 7,800		$ 7,800	
185.	ACCUM DEPR EQP & FXT	4,453	3,347	5,097	2,703
186.	VEHICLES	$ 7,600		$ 5,400	
187.	ACCUM. DEPR. VEHICLE	5,300	2,300	1,430	3,970
188.	AMORTIZABLE COSTS	$		$	
189.	ACCUM. AMORTIZATION				
190.	TOTAL FIXED ASSETS		$ 30,847 *		$ 30,393 *
199.	TOTAL ASSETS		$ 64,432 *		$ 86,500 *

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TABLE 4. CONTINUED

C.	LIABILITIES	BEGINNING	ENDING
200.	CURRENT LIABILITIES		
209.	ACCTS/PAY. 0-30	$	$
210.	ACCTS/PAY. 30-60		
211.	ACCTS/PAY. 60-90		
212.	ACCTS/PAY. OVER 90		
208.	TOTAL A/P	$ 3,027	$ 2,536
214.	FLOOR PLANS		
215.			
216.	NOTES PAYABLE -BANK		4,300
217.	NOTES PAYABLE -OTHER	4,187	2,137
218.	ACCRUED INTEREST		
219.			
220.	FEDERAL & FICA PAYABLE	800	669
221.	STATE WITHHOLD PAYABLE		
222.	FED UNEMP. PAYABLE		
223.	STATE UNEMP. PAYABLE		
224.	STATE SALES TAX PAYABLE	300	887
225.	PROPERTY TAX PAYABLE		
226.			
230.	BONUSES PAYABLE		
232.	DIVIDENDS PAYABLE		
250.	TOTAL CURRENT LIABILITIES	$ 8,314 *	$ 10,529 *
260.	LONG-TERM LIABILITIES		
261.	MORTGAGE PAYABLE	$ 29,873	$ 26,473
262.	INTERMEDIATE LOANS		
263.			
295.	TOTAL LONG TERM LIABILITIES	$ 29,873 *	$ 26,473 *
299.	TOTAL LIABILITIES	$ 38,187 *	$ 37,002 *
300.	OWNERS EQUITY		
310.	CAPITAL ACCOUNT -OWNER	$ 26,245	$ 26,245
311.	CAPITAL ACCOUNT -OTHER		
312.	RETAINED EARNINGS		
315.	ADDL. BUSINESS INVESTMENT		
320.	DRAWING ACCOUNT		9,862
321.	FED. & STATE ESTIMATED TAX		
397.	NET PROFIT		33,115
396.	SUSPENSE		
379.	TOTAL EQUITY	$ 26,245 *	$ 49,498 *
390.	TOTAL LIAB. & EQUITY	$ 64,432 *	$ 86,500 *
D.	GAIN OR LOSS IN OWNERS EQUITY		$ 23,253
E.	RATIO - CURR. ASSETS/CURR. LIAB.	4.040	5.329
F.	RATIO - CURRENT LIAB./INVENTORY	.281	.467
G.	RATIO - FIXED ASSETS/OWNERS EQTY	1.175	.614
H.	RATIO - LAND&BLDG/LONG TERM LIAB	.844	.896
I.	RATIO - TOTAL ASSETS/TOTAL LIAB.	1.687	2.338
J.	RATIO - TOTAL ASSETS/OWNERS EQTY	2.455	1.748
K.	QUICK RATIO-CASH,A/R./CURR. LIAB.	.478	3.189

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TABLE 5. NET WORTH

A.	BUSINESS ASSETS		
101.	CASH ON HAND & IN BANK -BUSINESS ONLY	$ 3,025	$ 28,076
108.	TOTAL ACCOUNTS RECEIVABLE	950	5,506
115.	NOTES RECEIVABLE		
121.	MERCHANDISE INVENTORY	29,610	22,525
161.	OTHER CURRENT ASSETS		
181.	BARE LAND	3,000	3,000
182.	BUILDINGS	22,200	20,720
184.	EQUIPMENT & FIXTURES	3,347	2,703
186.	VEHICLES	2,300	3,970
188.	AMORTIZATION COSTS		
199.	TOTAL BUSINESS ASSETS	$ 64,432 *	$ 86,500 *
B.	PERSONAL ASSETS		
C.	LAND & BUILDINGS	15,860	15,860
D.	OTHER NON-BUSINESS ASSETS	11,935	12,213
E.	TOTAL ASSETS	$ 92,227 *	$ 114,573 *
F.	BUSINESS LIABILITIES		
250.	CURRENT LIABILITIES	$ 8,314	$ 10,529
295.	LONG-TERM LIABILITIES	29,873	26,473
299.	TOTAL BUSINESS LIABILITIES	$ 38,187 *	$ 37,002 *
G.	PERSONAL LIABILITIES	1,966	637
H.	TOTAL LIABILITIES	$ 40,153 *	$ 37,639 *
I.	TOTAL NET WORTH -BUSINESS & PERSONAL	52,074 *	76,934 *
J.	CHANGE IN TOTAL NET WORTH		$ 24,860 *
RLM.	RETURN TO OPERATORS LABOR & MANAGEMENT		$ 30,170
CLM.	RETURN TO CAPITAL, FAMILY, LABOR & MANAGEMENT		$ 33,115
088.	NON-BUSINESS INCOME		$ 2,350
070.	TOTAL MONEY BORROWED -BUSINESS & PERSONAL		$
074.	TOTAL PAID ON DEBT-PRINCIPAL ONLY/BUSINESS & PERSONAL		$ 1,329
K.	TOTAL HOUSEHOLD AND PERSONAL CASH EXPENSE		$ 8,826

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TABLE 6. HOUSEHOLD AND PERSONAL EXPENSES

090.	NUMBER OF PERSONS PER FAMILY	5		
095.	ADULT EQUIVALENTS PER FAMILY	4.5		
800.	EXPENSES			
813.	HEAT		$	291
814.	ELECTRICITY			158
815.	WATER			
816.	TELEPHONE			71
817.	INSURANCE			1,007
818.	INTEREST			231
819.	REPAIRS & MAINT. - LAND			
820.	REPAIRS & MAINT. - BUILDINGS			
821.	REPAIRS & MAINT. - EQUIPMENT & FURNISHINGS			
822.	REPAIRS & MAINT. - VEHICLES			
823.	GAS, OIL & GREASE			543
824.	LEGAL & ACCOUNTING			
825.	PROPERTY TAXES			341
826.	CONTRIBUTIONS & DONATIONS			
829.	ENTERTAINMENT			
830.	DUES & SUBSCRIPTIONS			
831.	LICENSES			
832.	TRAVEL & RECREATION			752
839.	RENT			
841.	MISCELLANEOUS			1,331
843.	POSTAGE			
850.	SUPPLIES			
860.	CHURCH			
862.	MEDICAL EXPENSES			816
864.	FOOD & MEALS			1,391
866.	CLOTHING			459
868.	EDUCATION			639
A.	TOTAL CASH LIVING EXPENSES		$	8,030 *
760.	LAND PURCHASED			
762.	BUILDINGS PURCHASED			
764.	EQUIPMENT & FURNISHINGS PURCHASED			796
766.	VEHICLES PURCHASED			
B.	TOTAL HOUSEHOLD & PERSONAL CASH EXPENSE		$	8,826 *
870.	FAMILY USE OF GOODS & SERVICES			
C.	TOTAL HOUSEHOLD CASH & NON-CASH EXPENSE		$	8,826 *

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         TABLE 7.  MEASURES OF BUSINESS ORGANIZATION AND EFFICIENCY

     A. BUSINESS SIZE
     B.    AVERAGE BUSINESS INVESTMENT                                $    75,466
     C.    TOTAL GROSS MARGIN                                              61,016
     D.    YEARLY WORKER EQUIVALENT                          3.5

     E. LABOR EFFICIENCY
     F.    GROSS MARGIN PER WORKER                                         17,433
     G.    TOTAL BUSINESS INVESTMENT PER WORKER                            21,562

     H. OVERHEAD
     I.    TOTAL EXPENSES PER $1000 OF GROSS MARGIN                           476
     J.    TOTAL EXPENSES PER WORKER                                        8,299

     K. TURNOVER
     L.    TOTAL GROSS MARGIN PER $1000 OF AVG BUSINESS INVENTORY             809
     M.    INVENTORY TURNOVER                               6.83

     N. CREDIT CONTROL
     O.    RECEIVABLE TURNOVER                             27.93
     P.    COLLECTION PERIOD                                                12.89

     Q. RATIO ANALYSIS
     R.    PERCENTAGE OF NET OPERATING PROFIT TO NET SALES                  20.79
     S.    NET SALES TO OWNERS EQUITY                                 $      3.11
     T.    NET SALES TO AVERAGE INVENTORY                             $      5.90
     U.    NET SALES TO WORKING CAPITAL                               $      3.37
     V.    RETURN PER HOUR ON OPERATOR & UNPAID FAMILY LABOR          $     12.47
     W.    PERCENT RETURN ON BUSINESS INVESTMENT                            42.36
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05/24/78 01 BEDROOM YEAR ENDING 12/31/77

TABLE 9.01 DEPARTMENTAL INCOME AND EXPENSE STATEMENT

					RATIO
400.	INCOME				
421.	MERCHANDISE SALES			$ 34,850	100.00
475.	NET SALES OF GOODS & SERVICES			$ 34,850 *	100.00
500.	COST OF GOODS OR SERVICES SOLD				
121.	BEGINNING INVENTORY		$ 5,600		16.07
521.	MERCHANDISE PURCHASED		20,261		58.14
550.	FREIGHT IN COSTS		197		.57
561.	SUBLET LABOR		370		1.06
A.	GOODS OR SERVICES AVAILABLE		$ 26,428 *		75.83
121.	ENDING INVENTORY		4,400		12.63
598.	COST OF GOODS OR SERVICES SOLD			$ 22,028 *	63.21
599.	GROSS PROFIT FROM SALES			$ 12,822 *	36.79
600.	EXPENSES				
609.	PAID FAMILY LABOR		100		.29
610.	SALARIES & WAGES		2,682		7.70
611.	PAYROLL TAXES		156		.45
612.	ADVERTISING		92		.26
613.	HEAT		146		.42
614.	ELECTRICITY		79		.23
616.	TELEPHONE		35		.10
617.	INSURANCE		128		.37
618.	INTEREST		153		.44
619.	REPAIR & MAINT. - LAND		20		.06
620.	REPAIR & MAINT. - BUILDINGS		141		.40
621.	REPAIR & MAINT. - EQUIP & FIXT		32		.09
624.	LEGAL & ACCOUNTING		42		.12
625.	PROPERTY TAXES		250		.72
635.	DEPR-BUILDINGS	$ 222			.64
636.	DEPR-EQUIP & FIXT	$ 129			.37
634.	DEPRECIATION TOTAL		351		1.01
639.	RENT		240		.69
643.	POSTAGE		3		.01
650.	SUPPLIES		34		.10
698.	TOTAL EXPENSES & DEDUCTIONS			$ 4,684 *	13.44
699.	NET OPERATING PROFIT			$ 8,138 *	23.35
B.	OTHER BUSINESS INCOME				
781.	RENTAL INCOME			200	.57
397.	NET PROFIT			$ 8,338 *	23.93

C.	SUPPLEMENTARY MANAGEMENT INFORMATION	
D.	TOTAL HOURS OF LABOR REQUIRED	1,400
E.	TOTAL INVESTMENT REQUIRED	$ 11,320
F.	DEPARTMENTAL PROFIT PER WORKER UNIT	$ 11,626
G.	DEPARTMENTAL PROFIT PER $1000 INVESTED	$ 719
H.	DEPARTMENTAL PROFIT PER $100 OF TOTAL COST	$ 30
I.	PERCENTAGE OF NET PROFIT TO NET SALES	$ 23.4

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05/24/78 02 LIVING RM & DINING RM YEAR ENDING 12/31/77

TABLE 9.02 DEPARTMENTAL INCOME AND EXPENSE STATEMENT

400.	INCOME				RATIO
421.	MERCHANDISE SALES			$ 32,693	100.00
475.	NET SALES OF GOODS & SERVICES			$ 32,693 *	100.00
500.	COST OF GOODS OR SERVICES SOLD				
121.	BEGINNING INVENTORY		$ 8,100		24.78
521.	MERCHANDISE PURCHASED		21,855		66.85
550.	FREIGHT IN COSTS		321		.98
A.	GOODS OR SERVICES AVAILABLE		$ 30,276 *		92.61
121.	ENDING INVENTORY		10,350		31.66
598.	COST OF GOODS OR SERVICES SOLD			$ 19,926 *	60.95
599.	GROSS PROFIT FROM SALES			$ 12,767 *	39.05
600.	EXPENSES				
609.	PAID FAMILY LABOR		100		.31
610.	SALARIES & WAGES		2,682		8.20
611.	PAYROLL TAXES		156		.48
612.	ADVERTISING		152		.46
613.	HEAT		242		.74
614.	ELECTRICITY		131		.40
616.	TELEPHONE		59		.18
617.	INSURANCE		212		.65
618.	INTEREST		248		.76
619.	REPAIR & MAINT. - LAND		35		.11
620.	REPAIR & MAINT. - BUILDINGS		236		.72
621.	REPAIR & MAINT. - EQUIP & FIXT		41		.13
624.	LEGAL & ACCOUNTING		71		.22
625.	PROPERTY TAXES		416		1.27
629.	ENTERTAINMENT & PROMOTION		9		.03
635.	DEPR-BUILDINGS	$ 370			1.13
636.	DEPR-EQUIP & FIXT	$ 129			.39
634.	DEPRECIATION TOTAL		499		1.53
639.	RENT		390		1.19
643.	POSTAGE		6		.02
650.	SUPPLIES		55		.17
698.	TOTAL EXPENSES & DEDUCTIONS			$ 5,740 *	17.56
699.	NET OPERATING PROFIT			$ 7,027 *	21.49
B.	OTHER BUSINESS INCOME				
781.	RENTAL INCOME			200	.61
397.	NET PROFIT			$ 7,227 *	22.11

C.	SUPPLEMENTARY MANAGEMENT INFORMATION	
D.	TOTAL HOURS OF LABOR REQUIRED	1,400
E.	TOTAL INVESTMENT REQUIRED	$ 18,867
F.	DEPARTMENTAL PROFIT PER WORKER UNIT	$ 10,039
G.	DEPARTMENTAL PROFIT PER $1000 INVESTED	$ 372
H.	DEPARTMENTAL PROFIT PER $100 OF TOTAL COST	$ 27
I.	PERCENTAGE OF NET PROFIT TO NET SALES	$ 21.5

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05/24/78 03 KITCHEN YEAR ENDING 12/31/77

TABLE 9.03 DEPARTMENTAL INCOME AND EXPENSE STATEMENT

400.	INCOME					RATIO
421.	MERCHANDISE SALES			$	32,230	100.00
475.	NET SALES OF GOODS & SERVICES			$	32,230 *	100.00
500.	COST OF GOODS OR SERVICES SOLD					
121.	BEGINNING INVENTORY		$ 7,150			22.18
521.	MERCHANDISE PURCHASED		16,602			51.51
550.	FREIGHT IN COSTS		197			.61
A.	GOODS OR SERVICES AVAILABLE		$ 23,949 *			74.31
121.	ENDING INVENTORY		3,575			11.09
598.	COST OF GOODS OR SERVICES SOLD			$	20,374 *	63.21
599.	GROSS PROFIT FROM SALES			$	11,856 *	36.79
600.	EXPENSES					
609.	PAID FAMILY LABOR		100			.31
610.	SALARIES & WAGES		2,682			8.32
611.	PAYROLL TAXES		156			.48
612.	ADVERTISING		92			.29
613.	HEAT		146			.45
614.	ELECTRICITY		79			.25
616.	TELEPHONE		35			.11
617.	INSURANCE		128			.40
618.	INTEREST		153			.47
619.	REPAIR & MAINT. - LAND		21			.07
620.	REPAIR & MAINT. - BUILDINGS		141			.44
621.	REPAIR & MAINT. - EQUIP & FIXT		32			.10
624.	LEGAL & ACCOUNTING		42			.13
625.	PROPERTY TAXES		250			.78
635.	DEPR-BUILDINGS	$ 222				.69
636.	DEPR-EQUIP & FIXT	$ 129				.40
634.	DEPRECIATION TOTAL		351			1.09
639.	RENT		240			.74
643.	POSTAGE		3			.01
650.	SUPPLIES		34			.11
698.	TOTAL EXPENSES & DEDUCTIONS			$	4,685 *	14.54
699.	NET OPERATING PROFIT			$	7,171 *	22.25
B.	OTHER BUSINESS INCOME					
781.	RENTAL INCOME				200	.62
397.	NET PROFIT			$	7,371 *	22.87
C.	SUPPLEMENTARY MANAGEMENT INFORMATION					
D.	TOTAL HOURS OF LABOR REQUIRED				1,400	
E.	TOTAL INVESTMENT REQUIRED			$	11,320	
F.	DEPARTMENTAL PROFIT PER WORKER UNIT			$	10,244	
G.	DEPARTMENTAL PROFIT PER $1000 INVESTED			$	633	
H.	DEPARTMENTAL PROFIT PER $100 OF TOTAL COST			$	29	
I.	PERCENTAGE OF NET PROFIT TO NET SALES			$	22.2	

350

PREPARED BY SPECIALIZED DATA SYSTEMS, INC.

23-00-001
05/24/78 04 MISC

BROWN FURNITURE
YEAR ENDING 12/31/77

TABLE 9.04 DEPARTMENTAL INCOME AND EXPENSE STATEMENT

					RATIO
400.	INCOME				
421.	MERCHANDISE SALES			$ 37,099	100.00
475.	NET SALES OF GOODS & SERVICES			$ 37,099 *	100.00
500.	COST OF GOODS OR SERVICES SOLD				
121.	BEGINNING INVENTORY		$ 6,210		16.74
521.	MERCHANDISE PURCHASED		20,935		56.43
550.	FREIGHT IN COSTS		197		.53
A.	GOODS OR SERVICES AVAILABLE		$ 27,342 *		73.70
121.	ENDING INVENTORY		2,415		6.51
598.	COST OF GOODS OR SERVICES SOLD			$ 24,927 *	67.19
599.	GROSS PROFIT FROM SALES			$ 12,172 *	32.81
600.	EXPENSES				
609.	PAID FAMILY LABOR		100		.27
610.	SALARIES & WAGES		2,682		7.23
611.	PAYROLL TAXES		156		.42
612.	ADVERTISING		92		.25
613.	HEAT		146		.39
614.	ELECTRICITY		79		.21
616.	TELEPHONE		35		.09
617.	INSURANCE		128		.35
618.	INTEREST		153		.41
619.	REPAIR & MAINT. - LAND		21		.06
620.	REPAIR & MAINT. - BUILDINGS		141		.38
621.	REPAIR & MAINT. - EQUIP & FIXT		32		.09
624.	LEGAL & ACCOUNTING		42		.11
625.	PROPERTY TAXES		249		.67
635.	DEPR-BUILDINGS	$ 222			.60
636.	DEPR-EQUIP & FIXT	$ 129			.35
634.	DEPRECIATION TOTAL		351		.95
639.	RENT		240		.65
643.	POSTAGE		3		.01
650.	SUPPLIES		34		.09
698.	TOTAL EXPENSES & DEDUCTIONS			$ 4,684 *	12.63
699.	NET OPERATING PROFIT			$ 7,488 *	20.18
B.	OTHER BUSINESS INCOME				
397.	NET PROFIT			$ 7,488 *	20.18
C.	SUPPLEMENTARY MANAGEMENT INFORMATION				
D.	TOTAL HOURS OF LABOR REQUIRED			1,400	
E.	TOTAL INVESTMENT REQUIRED			$ 11,320	
F.	DEPARTMENTAL PROFIT PER WORKER UNIT			$ 10,697	
G.	DEPARTMENTAL PROFIT PER $1000 INVESTED			$ 661	
H.	DEPARTMENTAL PROFIT PER $100 OF TOTAL COST			$ 25	
I.	PERCENTAGE OF NET PROFIT TO NET SALES			$ 20.2	

```
23-00-001                                               BROWN FURNITURE
05/24/78              05 USED                           YEAR ENDING 12/31/77

          TABLE 9.05  DEPARTMENTAL INCOME AND EXPENSE STATEMENT


400. INCOME                                                               RATIO
421.   MERCHANDISE SALES                               $    15,235        100.00
475.     NET SALES OF GOODS & SERVICES                 $    15,235 *      100.00

500. COST OF GOODS OR SERVICES SOLD
121.   BEGINNING INVENTORY          $      2,550                           16.74
521.   MERCHANDISE PURCHASED               4,445                           29.18
550.   FREIGHT IN COSTS                      322                            2.11
 A.    GOODS OR SERVICES AVAILABLE  $      7,317 *                         48.03
121.   ENDING INVENTORY                    1,785                           11.72
598.   COST OF GOODS OR SERVICES SOLD                  $     5,532 *       36.31
599.     GROSS PROFIT FROM SALES                       $     9,703 *       63.69

600. EXPENSES
609.   PAID FAMILY LABOR                      75                             .49
610.   SALARIES & WAGES                    2,012                           13.21
611.   PAYROLL TAXES                         117                             .77
612.   ADVERTISING                           152                            1.00
613.   HEAT                                  242                            1.59
614.   ELECTRICITY                           131                             .86
616.   TELEPHONE                              59                             .39
617.   INSURANCE                             212                            1.39
618.   INTEREST                              249                            1.63
619.   REPAIR & MAINT. - LAND                 35                             .23
620.   REPAIR & MAINT. - BUILDINGS           236                            1.55
621.   REPAIR & MAINT. - EQUIP & FIXT         34                             .22
624.   LEGAL & ACCOUNTING                     71                             .47
625.   PROPERTY TAXES                        416                            2.73
635.   DEPR-BUILDINGS      $       370                                      2.43
636.   DEPR-EQUIP & FIXT   $       128                                       .84
634.     DEPRECIATION TOTAL                  498                            3.27
639.   RENT                                  390                            2.56
643.   POSTAGE                                 3                             .02
650.   SUPPLIES                               57                             .37
698.     TOTAL EXPENSES & DEDUCTIONS                   $     4,989 *       32.75
699.       NET OPERATING PROFIT                        $     4,714 *       30.94

 B. OTHER BUSINESS INCOME
397.       NET PROFIT                                  $     4,714 *       30.94



 C. SUPPLEMENTARY MANAGEMENT INFORMATION
 D.    TOTAL HOURS OF LABOR REQUIRED                         1,050
 E.    TOTAL INVESTMENT REQUIRED                       $    18,867
 F.    DEPARTMENTAL PROFIT PER WORKER UNIT             $     9,428
 G.    DEPARTMENTAL PROFIT PER $1000 INVESTED          $       250
 H.    DEPARTMENTAL PROFIT PER $100 OF TOTAL COST      $        45
 I.      PERCENTAGE OF NET PROFIT TO NET SALES         $      30.9
```

PREPARED BY SPECIALIZED DATA SYSTEMS, INC.

23-00-001 BROWN FURNITURE
05/24/78 06 TRUCKING SERVICE YEAR ENDING 12/31/77

TABLE 9.06 DEPARTMENTAL INCOME AND EXPENSE STATEMENT

400.	INCOME						RATIO
460.	CUSTOMER LABOR					1,696	100.00
475.	NET SALES OF GOODS & SERVICES				$	1,696 *	100.00
500.	COST OF GOODS OR SERVICES SOLD						
599.	GROSS PROFIT FROM SALES				$	1,696 *	100.00
600.	EXPENSES						
609.	PAID FAMILY LABOR			25			1.47
610.	SALARIES & WAGES			672			39.62
611.	PAYROLL TAXES			39			2.30
612.	ADVERTISING			30			1.77
613.	HEAT			49			2.89
614.	ELECTRICITY			28			1.65
616.	TELEPHONE			13			.77
617.	INSURANCE			42			2.48
618.	INTEREST			500			29.48
619.	REPAIR & MAINT. - LAND			8			.47
620.	REPAIR & MAINT. - BUILDINGS			47			2.77
621.	REPAIR & MAINT. - EQUIP & FIXT			7			.41
622.	REPAIR & MAINT. - VEHICLES			499			29.42
623.	GAS, OIL & GREASE			1,010			59.55
624.	LEGAL & ACCOUNTING			15			.88
625.	PROPERTY TAXES			83			4.89
631.	LICENSES			193			11.38
635.	DEPR-BUILDINGS	$	74				4.36
637.	DEPR-VEHICLES	$	930				54.83
634.	DEPRECIATION TOTAL			1,004			59.20
698.	TOTAL EXPENSES & DEDUCTIONS				$	4,264 *	251.42
699.	NET OPERATING PROFIT				-$	2,568 *	151.42-
B.	OTHER BUSINESS INCOME						
397.	NET PROFIT				-$	2,568 *	151.42-
C.	SUPPLEMENTARY MANAGEMENT INFORMATION						
D.	TOTAL HOURS OF LABOR REQUIRED					350	
E.	TOTAL INVESTMENT REQUIRED				$	3,773	
F.	DEPARTMENTAL PROFIT PER WORKER UNIT				-$	12,840	
G.	DEPARTMENTAL PROFIT PER $1000 INVESTED				-$	681	
H.	DEPARTMENTAL PROFIT PER $100 OF TOTAL COST				-$	60	
I.	PERCENTAGE OF NET PROFIT TO NET SALES				-$	151.4	

FIVE GOOD REASONS FOR INDIVIDUAL INSTRUCTION

ADJUSTS TO THE SPEED OF THE LEARNER.

MAKE INDIVIDUAL APPLICATION OF CLASSROOM MATERIAL TO THE BUSINESS.

WORK ON COMMON PROBLEMS FOR WHICH THE BUSINESS PERSON HAS A UNIQUE SOLUTION.

WORK ON PROBLEMS UNIQUE TO THE INDIVIDUAL BUSINESS.

WORK ON PROBLEMS TOO CONFIDENTIAL FOR GROUP ACTION.

SMALL BUSINESS MANAGEMENT INSTRUCTOR'S MONTHLY REPORT OF ACTIVITIES AND MILEAGE

VII-C-1c

Work Codes

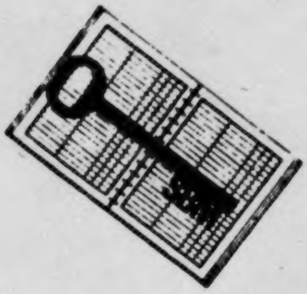
1. Regular Class Meeting
2. Class Related Meeting
3. Community Service Meeting
4. Community Service
5. Class Preparation
6. District & State Conferences
7. Out of State
8. At-the-Business Instruction
9. Publicity News Release, etc.
10. Miscellaneous

School ______________________ Instructor ______________________ Month ________

Date	Places or Persons Visited	Work Accomplished	Code	Hours Worked	Miles Traveled	
					Daily	Accum

Total Number of Miles Traveled

Approved ______________________



ANECDOTES
from
SMALL BUSINESS MANAGEMENT EDUCATION PROGRAMS

Contributed By

Don Jonson, Thief River Falls, MN
Marv Bollom, Hibbing, MN
George Berg, Pine City, MN
Manuel Torres, Brownsville, TX

Compiled For

The National Invitational Conferences
of
State Directors of Vocational Education
and
Community College/Vocational-Technical Institute Administrators

Area Vocational-Technical Institute

SMALL BUSINESS MANAGEMENT

HIGHWAY NO. 1 EAST • • THIEF RIVER FALLS, MINNESOTA 56701

TELEPHONE: (218) 681-5424

ARNT M. AUNE, DIRECTOR
DON JONSON, INSTRUCTOR

PROGRESS

Visualize if you will, an aged garage building of wood frame construction dating back to approximately 1910, in run-down condition, unclean and poorly heated. Frontal appearance would greet you with two gas pumps, two dirty display windows and a porous door to enter the premises.

My first visit to this business was an unexpected view of confusion and disorganization. I was making my first at-the-business call and just happened to arrive at the time a customer had asked for copies of his billings so he could pay his account. The two brothers that operated the business were in the "office" looking for this customer's copies of his sales tickets. After a few minutes wait, I walked into the "office" to see what was holding them up.

The room was lit by one 150-watt bulb high in the ceiling, filled with boxes of various merchandise, inner tubes, cartons of oil, etc. Propped on top of a four-foot stack of oil cartons I observed three or four 2 x 6 planks criss-crossing the room. On top of these planks they had piled loosely hundreds of sales tickets in short stacks. What a little wind could have done for their record system! It was in these surroundings that our student/ teacher relationship began. Incidently, they spent at least 45 minutes looking for that customer's slips and they didn't find them. He had to leave without paying his bill.

That's one and one half hours of productive labor lost during that occurrence. I just happened to be there for that one!

It was obvious that we wouldn't be able to do too much too soon, but we were able to set up an Accounts Receivable Ledger immediately, then during the first year installed a record system, which previously did not exist.

Today, three years later, these two brothers have a new building of high utility and low cost, an expanded business, and a full-time bookkeeper producing monthly financial statements.

During a visit by members of the Small Business Management Project staff, one of the brothers was asked what he thought of the program and he said something to the effect that without the help he has received from the Small Business Management Program he doubted that he would have had the confidence to go ahead with the expansion.

SMALL BUSINESS MANAGEMENT

Area Vocational-Technical Institute

SMALL BUSINESS MANAGEMENT

HIGHWAY NO. 1 EAST • • THIEF RIVER FALLS, MINNESOTA 56701

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ARNT M. AUNE, DIRECTOR
DON JONSON, INSTRUCTOR

THE BROWN BAGGER SYSTEM

One of my first visits to a small business provided me with an insight into what record-keeping means to a good many business operators. The majority of them keep records primarily for income tax purposes. Using these records for management purposes has not been a consideration. Various methods of accumulating information are used by these firms, ranging from the "Brown Bagger System", as I call it, to Computerized Accounting provided by either local professional accountants or through their suppliers.

The Brown Bagger System consisted of (1) a brown paper bag; (2) the cash register tape; (3) sales ticket copies for charge sales; (4) miscellaneous slips referring to merchandise returns, paid-outs, sales tax information, etc.; (5) a stapler.

The daily effort to handle this system involved opening the bag, inserting the information as mentioned above and applying a staple to the bag. A date is then entered on the bag and it is stored in a convenient corner of the "office". At the end of the year, this information, along with the checkbook and bank statements is brought to an accountant/ tax preparer to produce an income tax return.

The business I am referring to above has now been in the program for three years. They are now self-sufficient in utilization of a comprehensive record system, having complete monthly financial statements available for management information. They are now in the phase of maximizing the utilization of this management tool.

Area Vocational-Technical Institute

SMALL BUSINESS MANAGEMENT

HIGHWAY NO. 1 EAST • • THIEF RIVER FALLS, MINNESOTA 56701

TELEPHONE: (218) 681-5424

ARNT M. AUNE, DIRECTOR
DON JONSON, INSTRUCTOR

SALES TAX

This experience involved a service station and bulk fuel delivery operation. Merchandise handled consisted of gas, fuel oil, diesel fuel, oil and grease, tires, confections, plus retail delivery of bulk fuel for farm and home use. A full-time bookkeeper was employed.

During one of the at-the-business visits approximately four months after joining the Small Business Management Program, we became involved in a discussion of procedures used in record keeping. Initial observations indicated that it was a smooth operation. I asked the owner what his objective was in employing a full-time bookkeeper. He indicated that he needed help to take care of the tax reports he had to file. He made no mention of records for management. The fact is, this full-time bookkeeper did not provide him with financial statements.

Our discussion developed into a critical analysis of what records were being kept and for what purpose. I suggested that this information could be of substantial benefit if used for management purposes. In the course of our conversation, we became directly involved in following the bookkeeping procedures through to final monthly summarized totals.

As a result of our in-depth discussion and review of procedures, a number of questionable items were disclosed. One major discrepancy that appeared was in the accounting for sales tax and reporting to the state.

The problem was that sales tax was being included in the Gross Receipts total, then, in arriving at the amount of remittance, sales tax was used as a deduction in arriving at net taxable sales. I asked to see his copies of his recent sales tax returns and found that the intended deduction for sales tax had not been made in several of the previous months.

I advised the owner and bookkeeper of a procedure for them to use in reviewing these prior month returns to determine the amount of the true payment, if in fact my assumption was correct. After the bookkeeper had reviewed the returns and months in question, it was determined that there existed an overpayment of sales tax of $850.00

Using the data compiled during the review, a claim for refund was submitted to the state. This resulted in a full refund of the $850.00 plus interest. Needless to say, the knowledge gained by this businessman from this one experience solidified his resolve to fully participate and reap the dividends of education provided by the Small Business Management Program.

SMALL BUSINESS MANAGEMENT

Area Vocational-Technical Institute
SMALL BUSINESS MANAGEMENT
2900 East Beltline - Hibbing, Minnesota 55746
Phone A.C. 218-262-3824

William E. Magajna, *Director* **M. E. Bollom,** *Coordinator*

TO: Rodger E. Palmer

FROM: Marv Bollom

SUBJECT: Anecdote as requested in your letter of 4/4/77.

DATE: April 18,1977

1. As you remember from your visit for our initial Small Business Management Advisory Committee, the story you used at the meeting; i.e. where are your going with your business.

2. The story had its final conclusion on April 8,1977. The C.L. Glomberg Company Inc. sold its last inventory.

   The story began in late fall, 1976 when the C.L. Glomberg Co. called in response to the recruitment notices for the Small Business Management Program.

NOTE The C.L. Glomberg Co. was a relatively large company (over $1 million in sales). Established in the late 1950's with steady growth throughout the years. The balance sheets for the many years verified this fact and also showed an above average profit growth. This company was in the sales and service of recreational vechicles, Lawn & Garden equipment; a complete Marine line of Merchandise.

After showing the initial interest and a personal visit to the place of business they (C.L. Glomberg Co. Inc.) were signed for the S.B.M. Program.

Two (2) at-the-place-of-business visits were made prior to the first class session. On each of these visits the Glombergs were most enthusiastic and interested in the program. The Business seemed to be the'ideal' S.B.M. business.

At the first class session the idea of setting goals for yourself and your business was stressed. The title of the curriculm-Year I-Unit I-Stimulating an interest in Small Business Management. Stimulated the Glombergs into liquidating there business.

In their words "When we went home after that first class session and reviewed, "Rate Your Goals" and "What Does Your Family Want" we were able to define our family goals." What we each apparently wanted all along (Mr. & Mrs. Glomberg) was more time with each other and much less business. We've decided to sell our business. Did the instructor oversell Unit I?

PINE CITY AREA VOCATIONAL-TECHNICAL INSTITUTE
PINE CITY, MINNESOTA 55063
Telephone 629-3415

C. M. ESPESETH, SUPERINTENDENT
GORDON STENNES, DIRECTOR

April 7, 1977

Dr. Rodger E. Palmer
130 Classroom Office Building
1994 Buford Avenue
University of Minnesota
St. Paul, Minnesota 55108

Dear Rodger:

In response to your request for anecdotes from our SBM program, please find my entries below. Hope you can use them.

> "One of my enrollees, Flinthead Archery Replenishment Control Enterprise, commonly known in this area as the FARCE, remains active in our SBM program.
>
> Although of doubtful substance in the beginning, FARCE has refused to BOW to the more affluent among the class. Moreover, FARCE gives all indications of being right on TARGET with the others. It now appears that nobody will be able to give them the SHAFT when it comes to active participation in adult education.
>
> Therefore, I will STRING along with them, and I am now confident that I will not be obliged to FEATHER reports concerning their progress in the program.
>
> I QUIVER at the thought of too many such enrollees, but I will take a firm STANCE and AIM with greater precision when recruiting my next group. It should not be difficult to hit the old BULLSEYE on that SCORE if I plan my SHOTS more carefully.
>
> Recruiting should always be straight as an ARROW if we take SIGHT of the program design before FIRING blindly into the AIR. Perhaps other instructors could take a TIP from all this to avoid getting STUCK during recruitment. It pays to TIE the class together properly, and not RANGE too far from the recommended business alignment.
>
> So take heed, instructors, and don't SHOOT from the hip when recruiting. The BLUE RIBBON is the only ribbon worth COMPETING over."

-0-

PINE CITY AREA VOCATIONAL-TECHNICAL INSTITUTE
PINE CITY, MINNESOTA 55063
Telephone 629-3415

C. M. ESPESETH, SUPERINTENDENT
GORDON STENNES, DIRECTOR

"The SBM program at the Pine City AVTI lays claim to having enrolled the oldest single-family business to participate in the SBM group to date.

Maurer TV and Appliance of Mora, Minnesota has been in business continually for the past fifty years, and recently requested enrollment in the SBM program.

Although a strong, busy and thoroughly established business, the people at Maurer readily admitted that they still had plenty to learn, and sought to better their operation through this level of adult education.

One of the more active participants in class discussion, William Maurer and two key employees attend the classes faithfully and are among the most eager to learn.

"You never get too smart, or too busy, to learn," Maurer says. "Just because a business has survived for a long time doesn't mean that they have all the answers."

Armed with a completely new record keeping system, and receptive to whatever input the instructor can provide in any area of business, the Maurer family looks forward to the continuation of the SBM program.

"This is a good program," Maurer states, "and we are more than enjoying it. We are learning and improving."

Is it any wonder that the Maurers have been successful for fifty years, and undoubtedly will be for another fifty or more?

-0-

George Berg
SBM Instructor
Pine City AVTI

Adult and Continuing Education

ACE

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT / 1809 East Grant St / Brownsville, Texas 78520

ARTURO A. McDONALD
Ass't. Superintendent

April 22, 1977

Dr. Rodger Palmer
Small Business Management Program
130 Classroom Office Building
1994 Buford Avenue
University of Minnesota
St. Paul, Minnesota 55108

Dear Dr. Palmer:

It was good talking to you this morning.

The following story concerns one of our newest students. The following illustrates that our students, although adults, sometimes act like regular K-12 students. That is in reference to excuses concerning undone work.

Since the initial interview, this student was registered and given work to perform. Several days went by and no work was done. After a week and a half of this, I informed the student that if the work was not done, she would be dropped. Hearing this, she immediately told me she had been sick with her nerves - probably worrying about all the undone work - two days later, the same story but more dramatic. "Mr. Torres, you keep pressuring me about the work and everything else - Oh! My nerves - and to top it off my doctor died without giving me my nerve pills".

Now I say, is that an excuse or not - Give her another week - Hell, even now as I am writing it down I am smiling about it.

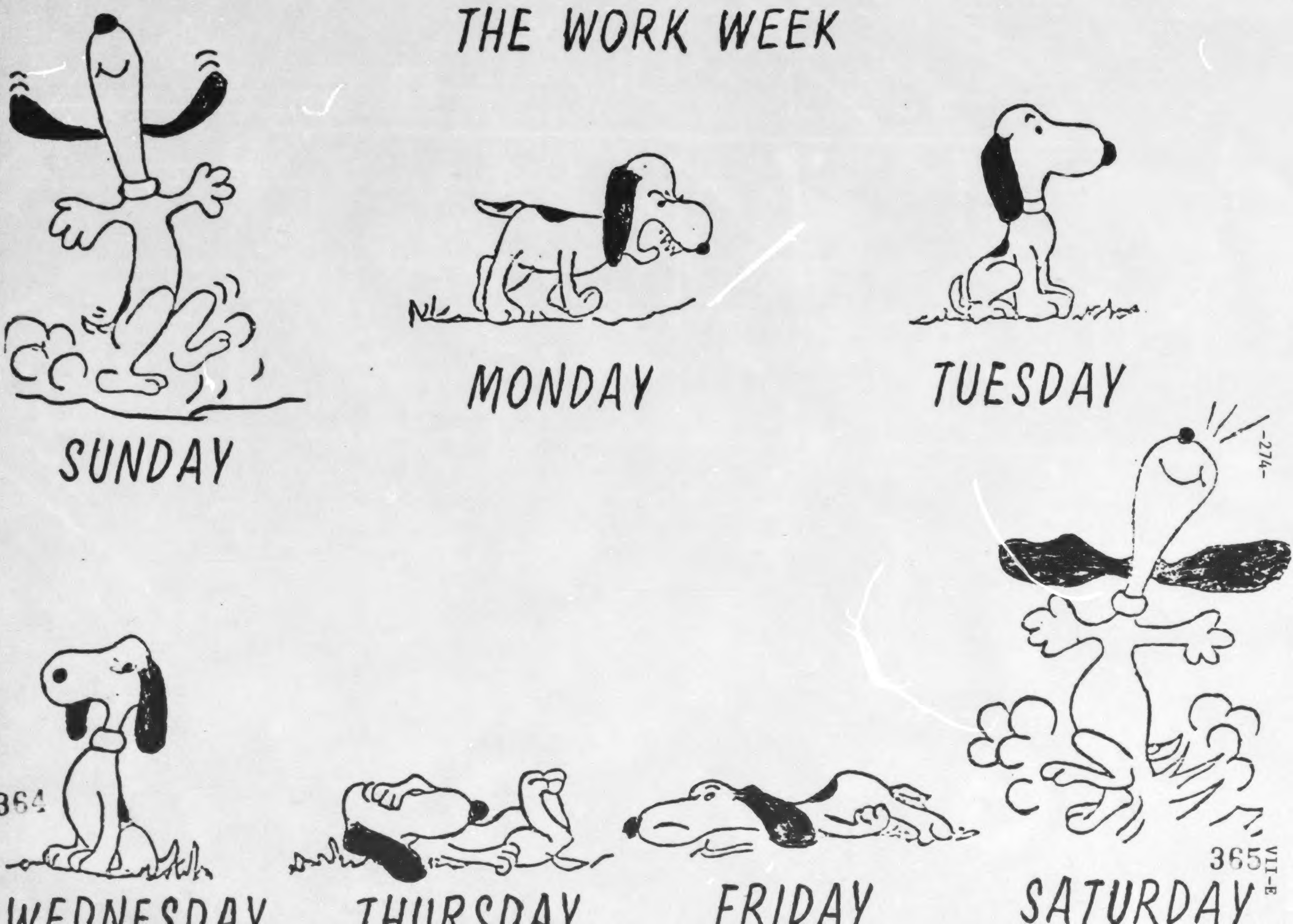
I hope this story will be useful to all of you. See you soon.

Sincerely,

Manuel Torres

Manuel Torres

MT/cs


THE WORK WEEK
SUNDAY
MONDAY
TUESDAY
WEDNESDAY
THURSDAY
FRIDAY
SATURDAY

UNIT VIII

SMALL BUSINESS TECHNOLOGY

Objective

At the end of the unit the student should be able to compile a list of the resources in the community and organize a plan for the utilization of those resources in conducting the Small Business Management Program.

A. The Role of Technology Instruction

  1. To build specific competencies in areas identified as essential to the successful management of clients businesses.

  2. To acquaint others in the community with the opportunities in business management instruction.

  3. Provide opportunity to build community confidence - a chance to look you over!

  4. Opportunity to introduce clients to valuable community services for small business management.

  5. Public relations for school - build community school image.

  6. Provides opportunity for other agencies in the community to build partnership with school.

  7. Fills in job scope in early stages of program.

  8. Expands role of school to those who wish only minimum commitment.

  9. Provides opportunity for school to be in the fore when new regulations arise which affect business (OSHA, tax laws, zoning).

  10. Improves knowledge of the community businesses and business operators!

B. Identifying Needs

  1. Using the advisory council.

     a. Making surveys to identify needs.
     b. Suggest resource personnel.

  2. Observations in community.

3. Clues gained from close work with management group.

4. Alertness to changing business conditions.

5. Knowledge of new rules, changes in laws, keeping up with the literature!

Student Activity: Read, Broom-Longenecker, Small Business Management, 4th Edition, Chapters 26, 27, 28 and 29.

C. Support for Technology Programs

1. Enlisting aid of other teachers.

    a. May use business education teacher to offer short series on office practices. English teacher to offer sessions on business communications.
    b. Given some teachers first taste of adult community education.

2. Opportunity to use outside resource persons.

    a. Ways to use resource persons
        1) Use to teach the teacher
        2) Use to answer questions
        3) Use to teach the sessions
        4) Use to summarize
    b. Some rules when the resource person teaches.
        1) Always provide the following:
            a) Outline
            b) Information about the group
        2) Stay in charge
        3) Handle the questions as mediator
        4) Summarize
        5) Provide opportunity for follow-up
        6) Restriction on advertising.

3. Necessity of reference library.

    a. Standard texts and books
    b. Important periodicals
    c. Trade journals

UNIT IX

A MANAGEMENT PLAN FOR TEACHERS

Objective

At the end of this unit the student should be able through simulation to develop a management plan for operation of a Small Business Management Education Program.

A. Conducting a Need Assessment: Handout, "Small Business Management Needs Assessment," IX-A.

Student Activity: Have each student do a needs assessment for their state, county and a specific industry in their county, using the County Business Patterns, U.S. Department of Commerce. Read, Broom-Longenecker, Small Business Management, 4th Edition, Chapters 26, 27 28 and 29.

B. A management plan for operation of a business management education program. Handout, "Instructions for Completing a Management Plan for the Adult Small Business Management Program," IX-B.

1. Things plan should contain:
    - a. Select agency to be responsible, assume teacher has been hired.
    - b. Area to be served, the cities to be included in the service area.
    - c. A recruitment plan for the first class.
        - 1) Cities from which business operators should be recruited.
        - 2) Number of business operators to be recruited from each city.
        - 3) Recruitment time table and operating plan, When? How?
    - d. A timetable for operations.
        - 1) Selecting instructor
        - 2) City selection
        - 3) Start recruitment, recruitment completed
        - 4) Timing of meetings, meeting schedule
        - 5) Visitation for instruction, schedule to fit area and seasons

Student Activity: Have each student complete a 12 month management plan using the data in IX-E.

SMALL BUSINESS MANAGEMENT NEEDS ASSESSMENT

Entrepreneurship Education for Adults-Program Development and Implementation

Project No. 498AH60199
Grant No. G007605299

Project Directors: Edgar A. Persons, Ph.D.
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Utilizing

County Business Patterns 1974 - U.S. Department of Commerce
Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402

And

Standard Industrial Classification (SIC) Manual 1972
Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402

Division of Agricultural Education and the
Minnesota Research and Developmemt Center
University of Minnesota
St. Paul, Minnesota
September 1977

The project presented or reported herein was performed pursuant to a Grant from the U.S. Office of Education, Department of Health, Education and Welfare. However, the opinions expressed herein do not necessarily reflect the position or policy of the U.S. Office of Education, and no official endorsement by the U.S. Office of Education should be inferred.

Developed Pursuant to Grant No. G007605299
By the Division of Agricultural Education
In Cooperation with the Minnesota Research and
Development Center
Department of Vocational Education
University of Minnesota
St. Paul, MN 55108
Funded by the U.S. Office of Education under
Part C - Vocational Education Act of 1963 P.L. 88-210 as Amended
1977

Discrimination Prohibited -- Title VI of the Civil Rights Act of 1964 states: "No person in the United States, shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance." Therefore, the Vocational and Technical Education program, like all other programs or activities receiving financial assistance from the Department of Health, Education and Welfare, must be operated in compliance with this law.

NEEDS ASSESSMENT
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NEEDS ASSESSMENT PROCEDURE FOR SMALL BUSINESS MANAGEMENT EDUCATION PROGRAM DEVELOPMENT

The implementation of almost all vocational education programs is predicated on the demonstration of need. Vocational education at all levels -- local, state and national -- is responsive to the needs that have been identified and documented by some form of needs assessment and analysis. Procedures to identify such needs, however, have been limited almost entirely to the supply-oriented employee sector. Few studies and, in fact, few strategies have been outlined for determining the needs of the self-employed, an orientation from the demand perspective.

Needs determination studies have relied heavily on microcosmic procedures such as task analysis (the study of the sub-elements of entry-level jobs) and microcosmic studies of the aggregate demand for labor (estimates of the supply and demand for labor). These procedures are costly, time consuming, retrospective, and frequently occupationally-specific. A needs assessment for entrepreneurship, a necessity for the basic decisions of program development, does not rely on the traditional approaches to the analysis of individual tasks in a job, but on the combination of interaction of these tasks.

The needs assessments for individuals have already been done and it forms the basis for the curricula that have already been developed in business management for adults. Needs of individuals, since entrepreneurial tasks are also occupationally specific, must be met by flexibility in program content and individualized instruction. Common individual needs can best be described by a list of general competencies which describe the entrepreneur's role. This needs list can be drawn from the literature. While such a list will describe a core of knowledge, skills and attitudes applicable to all entrepreneurs, it must recognize that each business is unique. To develop a list of competencies for a business person will require the personal attention only a management instructor-counselor can provide.

The needs assessment to be demonstrated in this publication, was developed to provide a method of determining the number of small businesses that would constitute the population available for small business management education. The sources of information needed to complete this needs assessment are readily available for all states and counties in the United States. County Business Patterns 1974, U.S. Department of Commerce, Bureau of the Census is the primary source of information. The Standard Industrial Classification Manual 1972 can be used as a supplemental interpretation document.

This procedure does not account for the sole proprietorship - small business which has no employees other than the owner. Estimates of this group of small businesses range from 10 to 30 percent of the total of all small businesses. Thus, all assessments arrived at using this procedure are conservative estimates.

DETERMINING THE NUMBER OF SMALL BUSINESSES IN A STATE

To determine the number of small businesses for your State you would use "County Business Patterns 1974" Table 1B for your State and Form A. Minnesota was selected to demonstrate how to determine small business numbers.

COUNTY BUSINESS PATTERNS - MINNESOTA

Table 1B. The State—Establishments, Employees, and Payroll by Industry by Employment-Size Class: 1974

(Excludes government employees, railroad employees, self-employed persons, etc.—see "General Explanation." Size class 1 to 4 includes establishments having payroll during 1st quarter but no employees during mid-March pay period. "D" denotes figures withheld to avoid disclosure of operations of individual establishments)

SIC code	① Industry, establishments, employees, and payroll	Employment-size class									
		Total	1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 249	250 to 499	500 to 999	1000 or more
	④ Total										
	Number of establishments	76 118	43 247	14 352	9 094	5 755	2 039	1 090	328	128	85
	Number of employees	1 179 231	80 557	100 970	128 222	180 983	142 823	166 665	113 [illegible]	90 763	174 [illegible]
	Payroll, first quarter ($1000)	2 453 205	131 810	164 225	227 812	347 222	273 287	349 831	251 891	212 [illegible]	495 241
	Payroll, annual ($1000)	10 685 692	813 727	716 960	995 886	1 488 409	1 180 893	1 482 613	1 039 861	881 [illegible]	2 [illegible] 843
②	Agricultural services, forestry, fisheries										
	Number of establishments	574	437	76	44	14	3	-	-	-	-
	Number of employees	2 403	689	509	595	400	210	-	-	-	-
	Payroll, first quarter ($1000)	3 630	806	803	898	662	461	-	-	-	-
	Payroll, annual ($1000)	19 527	7 270	3 663	4 017	2 717	1 860	-	-	-	-
07	Agricultural services										
	Number of establishments	544	418	69	40	14	3	-	-	-	-
	Number of employees	2 224	657	(D)	531	(D)	210	-	-	-	-
	Payroll, first quarter ($1000)	3 467	763	(D)	848	(D)	461	-	-	-	-
	Payroll, annual ($1000)	18 671	6 867	(D)	3 887	(D)	1 860	-	-	-	-
072	Crop services										
	Number of establishments	60	49	7	1	3	-	-	-	-	-
	Number of employees	217	73	(D)	(D)	87	-	-	-	-	-
	Payroll, first quarter ($1000)	310	111	(D)	(D)	129	-	-	-	-	-
	Payroll, annual ($1000)	1 458	697	(D)	(D)	449	-	-	-	-	-
074	Veterinary services										
	Number of establishments	120	73	28	17	2	-	-	-	-	-
	Number of employees	593	(D)	178	231	(D)	-	-	-	-	-
	Payroll, first quarter ($1000)	1 031	(D)	331	450	(D)	-	-	-	-	-
	Payroll, annual ($1000)	4 814	(D)	1 469	1 878	(D)	-	-	-	-	-
075	Animal services, except veterinary										
	Number of establishments	48	37	3	5	1	2	-	-	-	-
	Number of employees	336	67	20	(D)	(D)	(D)	-	-	-	-
	Payroll, first quarter ($1000)	598	55	48	(D)	(D)	(D)	-	-	-	-
	Payroll, annual ($1000)	2 568	286	172	(D)	(D)	(D)	-	-	-	-
078	Landscape and horticultural services										
	Number of establishments	179	150	13	9	6	1	-	-	-	-
	Number of employees	573	150	(D)	125	155	(D)	-	-	-	-
	Payroll, first quarter ($1000)	847	146	(D)	205	276	(D)	-	-	-	-
	Payroll, annual ($1000)	6 184	3 130	(D)	828	1 148	(D)	-	-	-	-
09	Fishing, hunting, and trapping										
	Number of establishments	15	8	4	3	-	-	-	-	-	-
	Number of employees	133	12	(D)	(D)	(D)	-	-	-	-	-
	Payroll, first quarter ($1000)	93	14	(D)	(D)	(D)	-	-	-	-	-
	Payroll, annual ($1000)	550	252	(D)	(D)	(D)	-	-	-	-	-
②	Mining										
	Number of establishments	176	80	23	26	24	6	7	4	2	4
	Number of employees	12 546	125	(D)	335	722	(D)	(D)	(D)	(D)	6 948
	Payroll, first quarter ($1000)	39 506	453	(D)	763	2 382	(D)	(D)	(D)	(D)	23 032
	Payroll, annual ($1000)	185 619	4 044	(D)	5 715	13 244	(D)	(D)	(D)	(D)	96 226

SAMPLE

NEEDS ASSESSMENT PROCEDURE

SMALL BUSINESS MANAGEMENT

State

Minnesota

From: "County Business Patterns 1974," Table 1B. The State - Employees & Payroll by Industry by Employment - Size Class: 1974

SIC Code	① Industry	Tot/Reporting Unt/All Business	Employment-Size Class					
			1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	Tot/Bus Under 100 ③
. . . . ②	Agricultural Services, Forestry, Fisheries	574	437	76	44	14	3	574
. . . .	Mining	176	80	23	26	24	6	159
. . . .	Contract Construction	7,346	5,027	1,125	641	368	117	7,278
. . . .	Manufacturing	5,644	1,710	965	918	911	496	5,000
. . . .	Transportation and Other Public Utilities	3,426	1,834	616	428	326	105	3,309
. . . .	Wholesale Trade	8,457	4,207	1,893	1,333	725	189	8,347
. . . .	Retail Trade	21,867	11,232	5,034	2,068	1,783	530	21,647
. . . .	Finance, Insurance and Real Estate	6,429	4,155	1,027	634	404	120	6,340
. . . .	Services	19,210	11,927	3,380	1,923	1,153	463	18,846
. . . .	Non-classifiable Establishments	2,989	2,638	213	79	47	10	2,987
	④ TOTALS	76,118 ⑥	43,247	14,352	3,054	5,755	2,039	74,487 ⑤

STEPS:

1. On both "County Business Patterns 1974" and Form A you will find an Industry column. Form A has all the major Industry listings as found in "County Business Patterns 1974."

2. Now proceed to fill in the major Industry columns on Form A. The portion of Table 1B that you will be using has been underlined. For this exercise only 2 major Industry headings are shown from Table 1B. The remainder are filled in as they appear in Table 1B.

3. After you have completed Step 2 you can determine the number of businesses for each major Industry heading. This is done by adding the "Establishment-Size Class" columns for each Industry heading.

4. Total all columns. You can check your figure by referring to the totals line from Table 1B.

5. The total number of small businesses for the State will be the number you determine when you add the "Total Businesses under 100" column. This figure can be checked by adding the totals for the "Number of Establishments, by Employment Class" columns. These two figures should be the same.

6. You can compare the total number of businesses with the total number of small businesses.

DETERMINING THE NUMBER OF SMALL BUSINESSES FOR A SPECIFIC COUNTY

To determine the number of small businesses for a specific county you would use "County Business Patterns 1974" Table 2 for your State and Form B. Aitkin County Minnesota was selected to demonstrate how to determine small business numbers.

STEPS:

1. On both "County Business Patterns 1974" and Form B you will find an Industry column. Form B has all the major Industry listings as found in "County Business Patterns 1974."

2. You would now proceed to fill in the major Industry columns on Form B. The portion of Table 2 that you will be using has been underlined.

COUNTY BUSINESS PATTERNS - MINNESOTA

Table 2. Counties—Employees, Payroll, and Establishments, by Industry: 1974

(Excludes government employees, railroad employees, self-employed persons, etc.—see "General Explanation." Size class 1 to 4 includes establishments having payroll during 1st quarter but no employees during mid-March pay period. "D" denotes figures withheld to avoid disclosure of operations of individual establishments)

SIC code	① Industry	Number of employees for week including March 12	Payroll ($1000)		Number of establishments, by employment size class									
			First quarter	Annual	Total	1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 249	250 to 499	500 to 999	1000 or more
	AITKIN													
②	④ Total	1 641	2 043	9 535	238	158	48	16	16	1	3	-	-	-
...	Agricultural services,forestry,fisheries	(A)	(D)	(D)	1	1	-	-	-	-	-	-	-	-
...	Mining	(A)	(D)	(D)	2	2	-	-	-	-	-	-	-	-
...	Contract construction	89	143	910	34	30	2	1	1	-	-	-	-	-
17	Special trade contractors	60	118	655	21	18	2	-	1	-	-	-	-	-
...	Manufacturing	506	571	2 842	24	7	6	5	4	-	2	-	-	-
20	Food and kindred products	205	89	791	7	2	2	1	1	-	1	-	-	-
201	Meat products	(C)	(D)	(D)	2	-	-	-	1	-	1	-	-	-
2016	Poultry dressing plants	(C)	(D)	(D)	2	-	-	-	1	-	1	-	-	-
24	Lumber and wood products	178	258	1 178	9	3	2	2	1	-	1	-	-	-
242	Sawmills and planing mills	(C)	(D)	(D)	4	1	1	-	1	-	1	-	-	-
2421	Sawmills and planing mills, general	(C)	(D)	(D)	4	1	1	-	1	-	1	-	-	-
--	Administrative and auxiliary	29	79	391	1	-	-	-	1	-	-	-	-	-
...	Transportation and other public utilities	71	136	622	9	5	2	1	1	-	-	-	-	-
...	Wholesale trade	65	186	627	14	8	5	1	-	-	-	-	-	-
...	Retail trade	460	468	2 113	85	53	21	9	2	-	-	-	-	-
54	Food stores	72	73	358	13	7	4	2	-	-	-	-	-	-
541	Grocery stores	63	63	310	11	6	3	2	-	-	-	-	-	-
55	Automotive dealers & service stations	97	132	548	18	10	5	3	-	-	-	-	-	-
551	New and used car dealers	55	85	357	5	-	2	3	-	-	-	-	-	-
58	Eating and drinking places	148	68	456	20	12	4	3	1	-	-	-	-	-
5812	Eating places	101	58	310	12	7	2	2	1	-	-	-	-	-
...	Finance,insurance,and real estate	100	173	770	15	9	3	1	2	-	-	-	-	-
65	Real estate	51	61	274	7	4	2	-	1	-	-	-	-	-
...	Services	326	354	1 486	43	33	8	-	-	1	1	-	-	-
70	Hotels and other lodging places	84	85	335	7	5	1	-	-	1	-	-	-	-
701	Hotels, motels, and tourist courts	(B)	(D)	(D)	5	3	1	-	-	1	-	-	-	-
80	Health services	(C)	(D)	(D)	7	4	2	-	-	-	1	-	-	-
806	Hospitals	(C)	(D)	(D)	1	-	-	-	-	-	1	-	-	-
	Nonclassifiable establishments	11	9	129	11	10	1	-	-	-	-	-	-	-

Form 8

SAMPLE

NEEDS ASSESSMENT PROCEDURE
SMALL BUSINESS MANAGEMENT

County
Aitkin County Minnesota

From: "County Business Patterns 1974," Table 2. Counties - Employees, Payroll & Establishments by Industry: 1974

SIC Code	① Industry	Tot/Reporting Unt/All Business	Number of Establishments, by Employment Size Class					
			1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	Tot/Bus Under 100 ③
. . . . ②	Agricultural Services, Forestry, Fisheries	1	1	–	–	–	–	1
. . . .	Mining	2	2	-	-	–	-	2
. . . .	Contract Construction	34	30	2	1	1	-	34
. . . .	Manufacturing	24	7	6	5	4	–	22
. . . .	Transportation and Other Public Utilities	9	5	2	1	1	-	9
. . . .	Wholesale Trade	14	8	5	1	–	–	14
. . . .	Retail Trade	85	53	21	9	2	–	85
. . . .	Finance, Insurance and Real Estate	15	9	3	1	2	–	15
. . . .	Services	43	33	8	-	-	1	42
. . . .	Non-classifiable Establishments	11	10	1	–	-	-	11
④	TOTALS	238 ⑥	158	48	18	10	1	235 ⑤

3. After you have completed Step 2 you can determine the number of businesses for each major Industry heading. This is done by adding the "Number of Establishments, by Employment Size Class" for each Industry heading.

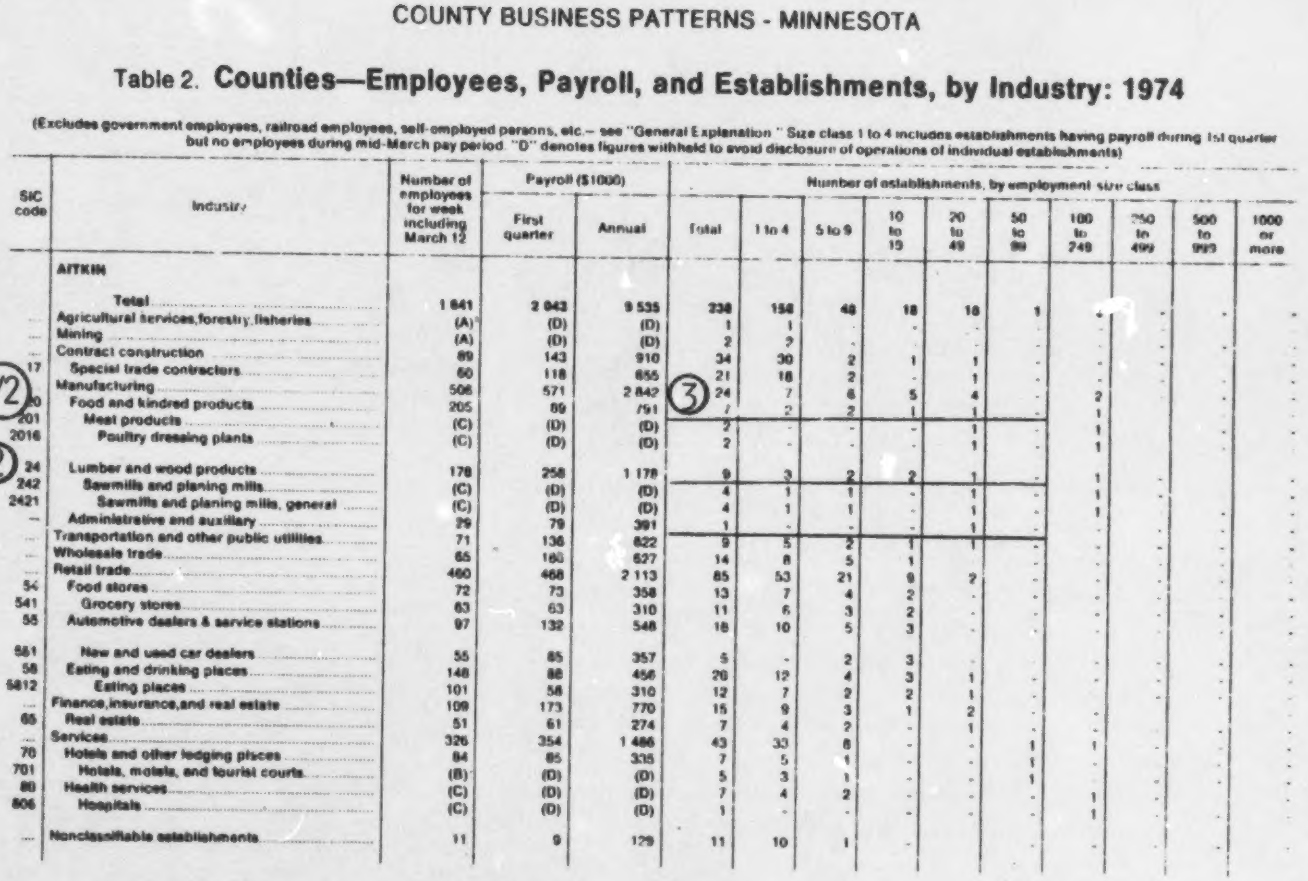
4. Total all columns. You can check your figure by referring to the totals line from Table 2.

5. The total number of small businesses for the county will be the number you determine when you add the "Total Businesses Under 100" column. This figure can be checked by adding the totals for the "Number of Establishments, by Employment Class" columns. These two figures should be the same.

6. You can compare the total number of businesses with the total number of small businesses.

DETERMINING THE NUMBER AND KIND OF SMALL BUSINESSES FOR A MAJOR INDUSTRY HEADING

To determine the number and kind of small businesses for a major industry heading you would use "County Business Patterns 1974" Table 1B or Table 2 and Form C. If you are determining this information on a state wide basis you would use Table 1B. If the needs assessment is for a county use Table 2. Aitkin County Minnesota, manufacturing was selected to demonstrate how to determine the number and kind of small businesses for a major industry heading.



COUNTY BUSINESS PATTERNS - MINNESOTA

Table 2. Counties—Employees, Payroll, and Establishments, by Industry: 1974

(Excludes government employees, railroad employees, self-employed persons, etc.– see "General Explanation." Size class 1 to 4 includes establishments having payroll during 1st quarter but no employees during mid-March pay period. "D" denotes figures withheld to avoid disclosure of operations of individual establishments)

SIC code	Industry	Number of employees for week including March 12	Payroll ($1000)		Number of establishments, by employment size class									
			First quarter	Annual	Total	1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 249	250 to 499	500 to 999	1000 or more
	AITKIN													
	Total	1 841	2 043	9 535	238	158	48	18	10	1	[illegible]	-	-	-
...	Agricultural services, forestry, fisheries	(A)	(D)	(D)	1	1	-	-	-	-	-	-	-	-
...	Mining	(A)	(D)	(D)	2	2	-	-	-	-	-	-	-	-
...	Contract construction	89	143	910	34	30	2	1	1	-	-	-	-	-
17	Special trade contractors	60	118	855	21	18	2	-	1	-	-	-	-	-
(1/2)	Manufacturing	506	571	2 842	(3) 24	7	6	5	4	-	2	-	-	-
20	Food and kindred products	205	89	791	7	2	2	1	1	-	1	-	-	-
201	Meat products	(C)	(D)	(D)	2	-	-	-	1	-	1	-	-	-
2016	Poultry dressing plants	(C)	(D)	(D)	2	-	-	-	1	-	1	-	-	-
(2) 24	Lumber and wood products	178	258	1 178	9	3	2	2	1	-	1	-	-	-
242	Sawmills and planing mills	(C)	(D)	(D)	4	1	1	-	1	-	1	-	-	-
2421	Sawmills and planing mills, general	(C)	(D)	(D)	4	1	1	-	1	-	1	-	-	-
—	Administrative and auxiliary	29	79	391	1	-	-	-	1	-	-	-	-	-
...	Transportation and other public utilities	71	136	622	9	5	2	1	1	-	-	-	-	-
...	Wholesale trade	65	160	627	14	8	5	1		-	-	-	-	-
...	Retail trade	460	468	2 113	85	53	21	9	2	-	-	-	-	-
54	Food stores	72	73	358	13	7	4	2	-	-	-	-	-	-
541	Grocery stores	63	63	310	11	6	3	2	-	-	-	-	-	-
55	Automotive dealers & service stations	97	132	548	18	10	5	3	-	-	-	-	-	-
551	New and used car dealers	55	85	357	5	-	2	3	-	-	-	-	-	-
58	Eating and drinking places	148	86	456	20	12	4	3	1	-	-	-	-	-
5812	Eating places	101	58	310	12	7	2	2	1	-	-	-	-	-
...	Finance, insurance, and real estate	109	173	770	15	9	3	1	2	-	-	-	-	-
65	Real estate	51	61	274	7	4	2	-	1	-	-	-	-	-
...	Services	326	354	1 486	43	33	8	-	-	1	1	-	-	-
70	Hotels and other lodging places	84	85	335	7	5	1	-	-	1	-	-	-	-
701	Hotels, motels, and tourist courts	(B)	(D)	(D)	5	3	1	-	-	1	-	-	-	-
80	Health services	(C)	(D)	(D)	7	4	2	-	-	-	1	-	-	-
806	Hospitals	(C)	(D)	(D)	1	-	-	-	-	-	1	-	-	-
...	Nonclassifiable establishments	11	9	129	11	10	1	-	-	-	-	-	-	-

Form C

NEEDS ASSESSMENT PROCEDURE
SMALL BUSINESS MANAGEMENT

County/State
Aitkin County, MN

From: "County Business Patterns 1974," Table 1B (State), or Table 2 (County)

SIC Code	Industry	Tot/Reporting Unt/All Business	Number of Establishments, by Employment-Size Class					
			1 to 3	4 to 7	8 to 19	20 to 49	50 to 99	Tot/Bus Under 100
. . .	① Manufacturing							
② 20	Food + Kindred Products	③ 7	2	2	1	1	-	6
② 24	Lumber + Wood Prod.	9	3	2	2	1	-	8
. . .	Administrative + Auxil	1	-	-	-	1	-	1
	④ Total	17	5	4	3	3	-	15

STEPS:

1. On Form C, write the Industry heading that will be analyzed.
2. Write in the SIC Code and Industry listing for the SIC Code. Note: SIC Codes are expanded to include listings for more specific businesses. All listings with the same first two numbers come under the same SIC classification. Example: 24 lumber and wood products & 242 sawmills and planning mills. All industries with the prefix 24 would be counted under the general SIC Code 24.
3. Now fill in the number of businesses for each employment size class. The portion of Table 2 to be used is underlined.
4. Total all columns.

*DATA WITHHELD FROM PUBLICATION:

In accordance with Federal law, data that may disclose the operations of an individual employer are not published. However, the number of establishments in a kind of business and their distribution by employment size class are not considered a disclosure, and these items may appear in instances where other items of information, such as employment and payrolls, are withheld.

Data is not shown separately for any industry that does not have at least 50 employees in the area-county, state or United States, covered by the tabulation. However, data for an unpublished industry are included in the total shown for the broader industry group of which it is a part. Also, data for some establishments that could not be classified by detailed kinds of businesses are included in the tabulations in a broader kind-of-business group. For the reasons stated above, the details shown in this report may differ from the sum of the published components. County Business Patterns 1974, P.P. VII.

APPENDIX

NEEDS ASSESSMENT FORMS

Form A

NEEDS ASSESSMENT PROCEDURE
SMALL BUSINESS MANAGEMENT

State

From: "County Business Patterns 1974," Table 1B. The State - Employees & Payroll by Industry by Employment - Size Class: 1974

SIC Code	Industry	Tot/Re-porting Unt/All Business	Employment-Size Class					
			1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	Tot/Bus Under 100
. . . .	Agricultural Services, Forestry, Fisheries							
. . . .	Mining							
. . . .	Contract Construction							
. . . .	Manufacturing							
. . . .	Transportation and Other Public Utilities							
. . . .	Wholesale Trade							
. . . .	Retail Trade							
. . . .	Finance, Insurance and Real Estate							
. . . .	Services							
. . . .	Non-classifiable Establishments							
	TOTALS							

Form B

NEEDS ASSESSMENT PROCEDURE
SMALL BUSINESS MANAGEMENT

County

____

From: "County Business Patterns 1974," Table 2. Counties - Employees, Payroll & Establishments by Industry: 1974

SIC Code	Industry	Tot/Re-porting Unt/All Business	Number of Establishments, by Employment Size Class					
			1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	Tot/Bus Under 100
. . . .	Agricultural Services, Forestry, Fisheries							
. . . .	Mining							
. . . .	Contract Construction							
. . . .	Manufacturing							
. . . .	Transportation and Other Public Utilities							
. . . .	Wholesale Trade							
. . . .	Retail Trade							
. . . .	Finance, Insurance and Real Estate							
. . . .	Services							
. . . .	Non-classifiable Establishments							
	TOTALS							

Form C

NEEDS ASSESSMENT PROCEDURE
SMALL BUSINESS MANAGEMENT

County/State

____

From: "County Business Patterns 1974," Table 1B (State), or Table 2 (County)

SIC Code	Industry	Tot/Reporting Unt/All Business	Number of Establishments, by Employment-Size Class					
			1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	Tot/Bus Under 100

VoEd 5101
Persons & Palmer
1977

INSTRUCTIONS FOR COMPLETING A MANAGEMENT PLAN FOR THE ADULT SMALL BUSINESS MANAGEMENT PROGRAM, 1977 - 78

Situation

You have been employed as the adult small business instructor at the Northwest Regional Technical Institute, located in the city of Blinkum, for the 1977-78 school year. Your job is to complete a management plan for your first year's activity. The management plan should be completed on a desktop calendar pad (approximately 18" x 22"), or on the attached 8½" x 11" forms.

To make your job easier, you will find attached to this argument sheet, the following:

1. Names of prominent business and community leaders in the Northwest Regional Technical Institute area.
2. Names of persons currently enrolled in Small Business Management I and II (as of August 1, 1977).
3. Names of community organizations you have been invited to join with regular meeting dates.
4. Program of instructional activities you are expected to complete.
5. Special events that have become part of the tradition of the Northwest Regional Business Management Department.
6. An official institute calendar giving institute vacation periods and dates of special events.
7. A summary of the provisions of your teaching contract.

CIVIC AND COMMUNITY LEADERS
NORTHWEST REGIONAL TECHNICAL INSTITUTE

Position	Name	Address
County Extension	Gary Bance	Blinkum
Rural Area Development Coordinator	Rod Delcamp	Winkum
Banker	John Dummond	Blinkum
Banker	Ron Henderson	Nod
FHA Manager	Donald Johnson	Blinkum
Editor, Blinkum Weekly	Jack Nadler	Winkum
Business News Director, KDHM Radio	Ms. Jean Olsen	Blinkum
Manager, Co-op Oil Co.	Leo Weet	Winkum
Manager, ARCO Fertilizer Plan	Embert Raasch	Nod
Chairman, Chamber of Commerce	Herbert Knutsen	Blinkum
Manager, SBA Field Office	Robert Almers	Blinkum
Chairman, Business Leaders Assoc.	Dale Koch	Nod
President, Jaycees	Don Newcomb	Blinkum
Insurance Agent	Ms. Jean Coverage	Nod
Accountant	Randy Figures	Blinkum
Real Estate Agent	Sam Trusty	Winkum

CURRENT ENROLLMENT - SMALL BUSINESS MANAGEMENT

Small Business Management I

Business Number	Name
1	Andrew and Anna Ahart
2	Tom and Milly Axelrod
3	Michael and Patricia Conway
4	Gary and Carol Duncan
5	Dale and Robin Fredell
6	Albert and Gertrude Gustafson
7	Vernon and Arla Irwin
8	John and Elsie Miller & son David
9	Frank and Mae Prestwisch
10	Steven Smith
11	Walter Weaver
12	Mary Wieman

Small Business Management II

Business Number	Name
1	David and Arlis Anderson
2	Harold and Betty Blum
3	Robert and Candice Carufel
4	Alfonso and Maria Delson
5	Arnold and Bessie Fink
6	Lee and Flora Hardin
7	Karen Holmquist
8	Dennis and Wilma Jahn
9	James and Janet Kallas
10	Terry and Ruth Kooes
11	Tom and Joyce Lyons
12	Ray and Hazel Millette
13	Louis and Jane Olsen
14	Albert and Rene Peters
15	Frank and Elaine Sarks

ORGANIZATIONS YOU HAVE BEEN INVITED TO JOIN

Organization	Regular Meeting Date	
Business Leaders Association	1st Tuesday	8:00 pm
P.T.A.	3rd Thursday	8:00 pm
Kiwanis	2nd Monday	Noon
Lions	3rd Monday	Noon
Chamber of Commerce	2nd Thursday	8:00 pm
Sportsman's Club	1st Tuesday	7:00 pm
Golf Club	1st/3rd Friday	7:00 pm (Summer)
Blinkum Jaycees	2nd Tuesday	8:30 pm
Blinkum Park Board	4th Friday	4:30 pm
Toastmasters	Every Friday	6:30 pm
Early Riser's Breakfast Club	1st/3rd Sat.	6:00 am
Northwestern Teachers Association	1st Wednesday	4:00 pm
Optimists Club	1st Wednesday	Noon
Blinkum Young Republicans	4th Tuesday	8:00 pm
Blinkum Agricultural Society (Co. Fair)	3rd Wednesday	7:30 pm

PROGRAM OF INSTRUCTIONAL ACTIVITIES

Small Business Management I
Small Business Management II
Business Technology Class - Topics to be decided (6-16 Meetings)

SPECIAL EVENTS IN WHICH THE BUSINESS MANAGEMENT DEPARTMENT HAS TRADITIONALLY PARTICIPATED

Events	Dates
Small Business Income Tax Workshop (University)	November 15-17
Small Business Tour	October 21
Small Business Managers Leadership Training Day (Organized by Blinkum Jaycees)	June 2
Blinkum Crazy-Daze (Sidewalk Sales)	July 7-8

OFFICIAL SCHOOL CALENDAR

September 5	School begins
October 20-21	School dismissed for professional workshops
November 24-25	Thanksgiving vacation
December 21 - Jan. 2	Christmas vacation
February 13	School dismissed for President's Day
April 10-14	Easter vacation
May 31	Memorial Day vacation
June 2	School commencement

SPECIAL SCHOOL EVENTS

Football Schedule

September 2,9,16,23 & 30
October 7,14,21 & 28

Basketball Schedule

December 2,5,9,12 & 16
January 6,9,13,16,20,23,27 & 30
February 3,6,10,13,17,20 & 24

Tournaments: Region - March 2-3, State - March 9-10

Other Scheduled School Events

Institute Theatre Production - November 11-12
Winter Formal - January 20
Spring Fling - April 21

Other Community Events

Blinkum County Fair - July 21,22 & 23
Winkum Pioneer Days - August 4-5
Blinkum Businessmen - Farmers Night - October 15

CONTRACT SUMMARY

The contract calls for 230 working days (46 weeks @ 5 days/week) plus 5 paid vacation days during the regular school term.

The remaining three weeks of vacation can be taken at any time during the year except that no more than one week may be taken during the period September 1 through June 1. Vacation for which you are eligible during the September 1, 1977 - August 31, 1978 period may be taken during that period or may be held over until the following year. Any vacation days accumulated when you leave the school system will be compensated at the rate of $50/day up to a maximum of 20 days.

The contract recognizes the necessity of night time employment. Regularly scheduled evening classes are eligible for compensatory time off the following day. For example, if you had a two hour night class on January 4, you could report in two hours late the following day. The compensatory time off provision applies only to regularly scheduled classes.

Your contract is based upon 47/38 of the regular salary schedule. Base pay for B.S. with no experience is $10,000. Your total pay is $18,200 per year plus hospitalization, group life insurance and an income disability plan.

Mileage is reimbursed at 15¢ per mile with a total mileage and subsistence budget of $2,700.

SAMPLE MANAGEMENT PLAN - SEPTEMBER

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
				1 PreClass Institute Workshop for all new instructors.	2	3 Early Risers
4	5 Holiday	6 J. Nadler Jean Olson H. Knutsen A. Ahart	7 J. Dummond R. Henderson D. Koch 4pm NW Tchrs Assoc.	8 T. Axelrod M. Conway D. Anderson	9 R. Carufel A. Deleon Office Football Game	10
11	12 R. Figures R. Almers G. Duncan Office - Class Prep.	13 A. Fink L. Hardin K. Holmquist SBM I	14 D. Fredell A. Gustafson V. Irwin	15 D. Jahn J. Kalles R. Milletta	16 L. Olson A. Peters F. Surks Office Football Game	17 Early Risers
18	19 J. Miller Lions - Noon Office - Class Prep.	20 F. Prestwisch S. Smith SBM II	21 R. Delcamp D. Newcomb	22 1:30-3:30 Advertising 8:00pm SBM Advisory Comm.	23 Office Football Game	24
25	26 H. Blum T. Lyons W. Weaver	27 M. Wieman	28 Publicity for October Events	29 1:30-3:30 Merchandising	30 Office	

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY

UNIT X

EVALUATING MANAGEMENT EDUCATION

Objective

A recommended format with an understanding of the evaluation process the student should be able to outline a plan for the evaluation of a small business management education program.

A. The Evaluation of an Educational Management Program: Use transparency X-A to address the program philosophy on education versus service.

1. Management program is education, not service.
2. Seeing the business as a business.

B. The Evaluation Process

1. Theory and Steps in Evaluation: Transparency X-B-1 should be used to cover the:

   a. Purposes
   b. Principles
   c. Steps in Evaluation

2. Types of Evaluation: Transparency X-B-2 should be used to list the several types of evaluation procedures.

   a. Evaluation
   b. Informal
   c. Semi-Formal

C. The Evaluation Feedback System: Transparency X-C illustrates the positioning of educational components in the feedback system.

1. Process occurs in the instructional program.
2. Product is identified as the recognized goals & objectives of the student.

D. Instructor and Instruction Assessment Instruments

1. Student Handout, "Teacher Self-Assessment," X-D-1 should be completed following each class session.

2. Student Handout, "Student Assessment of Teacher and Program," X-D-2 should be given every six months or on an annual basis.

3. Student Handout, "Critique of Small Business Management Teaching Units," X-D-3.

- a. To be used by instructor to note curriculum strong and weak points.
- b. To be used by instructor to outline future curriculum modification.

E. Benefit-Cost Analysis from Volume IV, Final Report, Small Business Management.

1. Economic benefits measured against direct and opportunity costs.

2. A descriptive summary of five program locations on which benefit-cost analysis was completed: Transparency X-E-2 highlights the keep factors on which the student was based.

3. Sample calculation illustration showing cost-of-living adjustments: Transparency X-E-3.

4. Benefit-cost ratios based on an enrollment of 40 small businesses in management program: Transparency X-E-4.

F. Student Handout, "A Mid-Term Report of the Small Business Management Program," (Recommended format for annual or mid-term report).

G. Student Handout, "Small Business Management Newsletters," (Communicating evaluation or summary results) X-G-1 and X-G-2.

H. The End: Transparency X-H.

X-A

STANDARDS

THERE IS NO BETTER TOOL TO TEACH THAT "SMALL BUSINESS IS A BUSINESS" THAN THE SMALL BUSINESS MANAGEMENT EDUCATION PROGRAM. ONE OF THE GREATEST REVELATIONS TO SMALL BUSINESS PEOPLE RECEIVING THEIR FIRST FEW ANALYSIS REPORTS IS THAT THE SITES, EQUIPMENT, SERVICES, NICE PLACES TO LIVE AND WAYS OF LIFE ARE RESOLVED DOWN TO THE COMMON DENOMINATORS OF $ AND BUSINESS COMPARISONS. THEY SEE THEIR SMALL BUSINESSES COLDLY TORN APART AND EXPOSED FOR EVALUATION. THEY SEE THAT EACH DEPARTMENT IN THEIR SMALL BUSINESSES ARE COMPETING WITH THE OTHER DEPARTMENTS FOR THEIR MANAGEMENT CAPITAL AND LABOR. HEART, SOUL, EMOTIONS, ATTITUDES AND ROMANTICISMS ARE NOT A PART OF THE ANALYSIS. FOR THE SMALL BUSINESS PERSON HIS OR HER FIRST ANALYSIS IS A SHOCK--AN IMPORTANT, VITAL, EYE-OPENING SHOCK. AND YET, IF A SMALL BUSINESS EDUCATION INSTRUCTOR IS TO TRULY HELP SMALL BUSINESS PEOPLE, HE OR SHE MUST TEACH THIS PRINCIPLE. THIS IS EDUCATION, NOT SERVICE.

PARAPHRASE OF ED SISLER
VO-AG COORDINATOR
THIEF RIVER FALLS, MINNESOTA
BY RODGER E. PALMER

THEORY AND STEPS IN EVALUATION

PURPOSES

1. DETERMINE PROGRESS TOWARD GOAL
2. RATE PROGRESS OVER GIVEN PERIOD OF TIME
3. DETERMINE EFFECTIVENESS OF A PARTICULAR METHOD
4. PROVIDE INFORMATION USEFUL TO TEACHER, PUPILS AND PUBLIC

PRINCIPLES

1. HAVE A PURPOSE
2. USE DEFINITE AND ATTAINABLE OBJECTIVES
3. EVIDENCE AS TO CHANGES IN PEOPLE (BEHAVIOR - ATTITUDES)
4. USE DIFFERENT INSTRUMENTS IN EVALUATION
5. COOPERATION BETWEEN EVALUATOR AND EVALUATEES

STEPS IN EVALUATION

1. CHECK THE OBJECTIVES (MAYBE RESTATE)
2. CHECK WHAT WAS DONE TO REACH OBJECTIVES (PROCESS)
3. COLLECT EVIDENCE
4. SOURCES OF EVIDENCE
5. DEVICES FOR GETTING EVIDENCE
6. ANALYSIS OF EVIDENCE
7. USING THE FINDINGS

TYPES OF EVALUATION

EVALUATION

1. PROCESS AND PRODUCT
2. INFORMAL, SEMI-FORMAL, FORMAL EVALUATION OR RESEARCH

INFORMAL

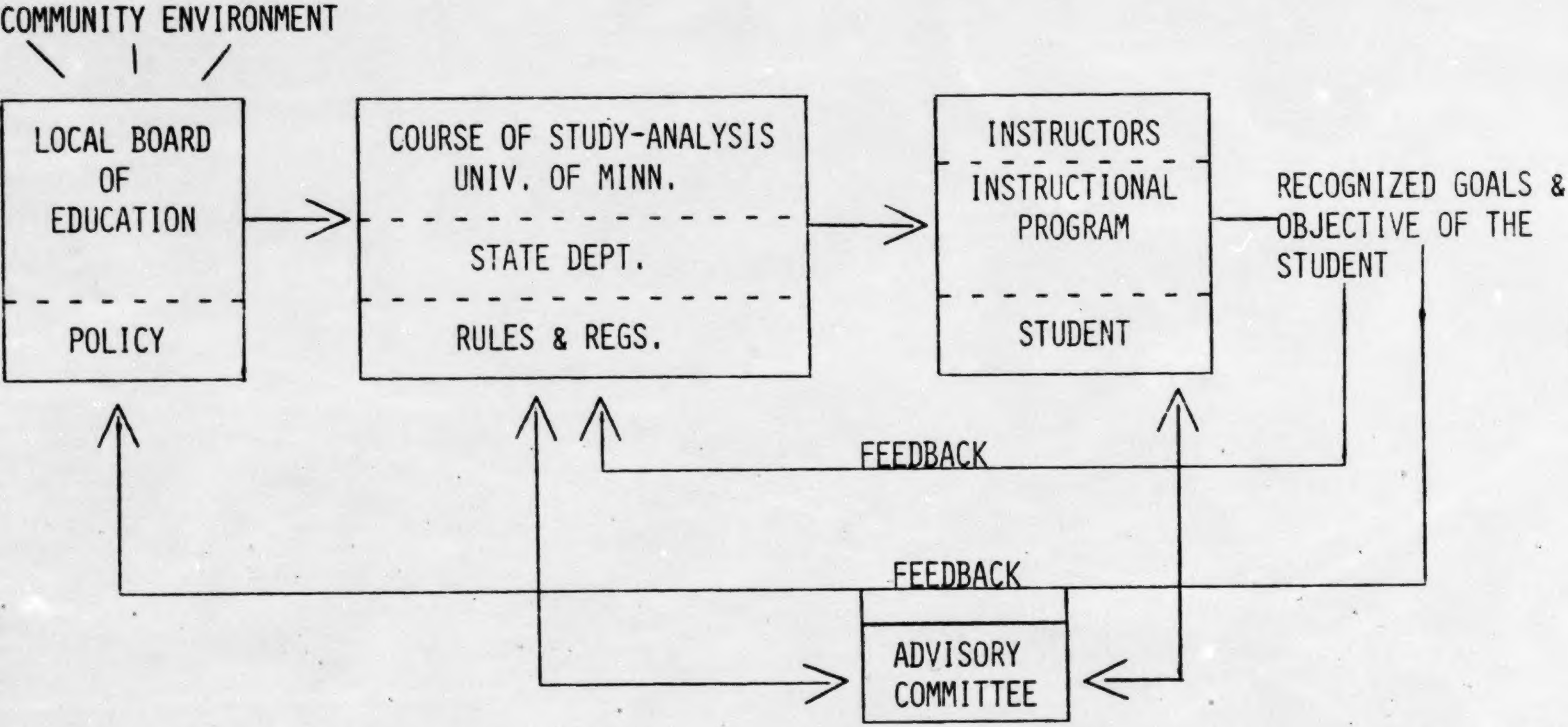
1. OBSERVATION OF WORK DONE
2. INFORMAL TESTS
3. TALKING TO LEARNERS
4. OBSERVING AT HOME
5. CONFERING WITH SUPERVISORS
6. GENERAL FEELING ABOUT PERFORMANCE

SEMI-FORMAL

1. RELIABLE AND VALID TESTS
2. SURVEYS TO DETERMINE PRACTICE
3. OBJECTIVE SCALES AND RATING SHEETS
4. JUDGEMENT OF EXPERTS

FORMAL

1. CONTROLLED VARIABLES
2. STATISTICAL PROCEDURE


COMMUNITY ENVIRONMENT
LOCAL BOARD OF EDUCATION
POLICY
COURSE OF STUDY-ANALYSIS UNIV. OF MINN.
STATE DEPT.
RULES & REGS.
INSTRUCTORS
INSTRUCTIONAL PROGRAM
STUDENT
RECOGNIZED GOALS & OBJECTIVE OF THE STUDENT
FEEDBACK
FEEDBACK
ADVISORY COMMITTEE

INSTRUMENT FOR TEACHER SELF-ASSESSMENT

Thoughtful self-assessment is essential to the improvement of teaching effectiveness; therefore, we encourage you to utilize this guide.

We have added an optional rating scale to this instrument for your use. If you are interested in a specific rating for each item, we suggest the use of the scale. (Check (✓) the appropriate space)

	Poor	Fair	Good	Very Good	Excellent
1. I organized the course material in a logical sequence.					
2. I explained the objectives of my course.					
3. My presentations were well organized.					
4. I knew my subject matter well for this class session.					
5. I clearly identified and explained the major ideas of my subject.					
6. I effectively related my classroom instruction to the development of appropriate skills.					
7. I used appropriate teaching aides and AV materials.					
8. I sought to actively involve student participation in my class.					
9. I made the best possible use of my class time.					
10. I brought enthusiasm to my teaching.					
11. I was conscious of the reasons for students enrolling in my class.					
12. I was concerned with the classroom needs of my students.					
13. I was able to determine when my students did not understand my presentation.					
14. I was able to help students solve the problems they brought to class.					
15. I was aware of the importance of the following:	▨	▨	▨	▨	▨
a. Humility					
b. Sincerity					
c. A sense of humor					
d. Personal appearance					
e. Speech					
f. Mannerisms					

ASSESSMENT OF INSTRUCTOR & PROGRAM

Subject ______________________________

Your instructor in this course is very much interested in helping you in your job of learning. You can help in promoting good instruction by circling the number that best describes your instructor.

4 - almost always 2 - sometimes
3 - most of the time 1 - seldom or never

A. Sufficient contact with instructor for fair evaluation Yes __ No __

1. This instructor is enthusiastic, alert & interesting. 4 3 2 1
2. This instructor is sensitive to the businesspersons needs. 4 3 2 1
3. This instructor offers encouragement and gives directions whenever possible. 4 3 2 1
4. This instructor has the ability to laugh at himself. 4 3 2 1
5. In this program every student knows what is expected of him. 4 3 2 1
6. This instructor sets a good example for his students "practices what he preaches." 4 3 2 1
7. This instructor refrains from putting his students down with humiliating or derogatory remarks. 4 3 2 1
8. This instructor gets to know his students. 4 3 2 1
9. The instructor spends sufficient time with you to organize and assist you in managing your business. 4 3 2 1
10. This instructor is usually well prepared. 4 3 2 1
11. This instructor knows his subject, is well informed and has a wide background. 4 3 2 1
12. This instructor is poised and self-confident enough to meet any situation. 4 3 2 1
13. This instructor sees everyone in class as a positive and worthwhile individual. 4 3 2 1
14. This instructor is friendly. 4 3 2 1
15. This instructor is understanding 4 3 2 1
16. This instructor stimulates interest and curiousity of students. 4 3 2 1
17. This instructor is willing to offer extra help and makes himself available to you when you need it. 4 3 2 1
18. This instructor is receptive to any relevant question at anytime. 4 3 2 1
19. This instructor accepts student's views even though contary to his own. 4 3 2 1

Check the blank with an "x", which in your opinion best describes each statement.

	Very Good	Good	Adequate	Needs Improvement	Not Applicable
1. The Small Business Management Program as a whole is:	___	___	___	___	___
2. The instruction on record keeping is:	___	___	___	___	___
3. The Small Business Analysis is:	___	___	___	___	___
4. Written comments on the Small Business are:	___	___	___	___	___
5. In business instruction related to analysis interpretation is:	___	___	___	___	___
6. The fee charges in your estimation are:	___	___	___	___	___
7. In business instruction related to family goals and planning is:	___	___	___	___	___
8. In business instruction related to Small Business Management is:	___	___	___	___	___
9. Class meeting facilities are:	___	___	___	___	___
10. Facilities for office conferences with the instructor are:	___	___	___	___	___
11. Visual aids used in class are:	___	___	___	___	___
12. Class handout materials are:	___	___	___	___	___
13. Resource materials to aid in answering your questions are:	___	___	___	___	___

What would you like to see added to the Small Business Management Program?

What would you like to see eliminated from the program?

What parts of the program would you like to see improved?

General comments good or bad about the program or the instruction.

CRITIQUE OF SMALL BUSINESS MANAGEMENT TEACHING UNITS

Name Clinton K. Turner
Date March 17, 1975
Unit 6-Balance Sheet & Monthly Summary

1. Was the unit outline adequate?

Poor	Fair	Good	Very Good
		X	

Comments: During the session a review of the eight types of records to keep was covered. Also the significance of the standardized chart of accounts was explained - the group was reminded of the importance of having a good recordkeeping system. I had the class to work through the (a) beginning balance sheet as well as a ratio comparison.

2. Were you able to use the material in the unit outline?

Little	Most	All
	X	

What would you delete? Transparency #41, Monthly Summary (3) pg. 1.49A

What would you add? More of the "analysis sheets" and I would (did) explain key points on each which may be shown.

3. Would you reorganize the unit? No How? No basic organization changes - only a point or two as already mentioned above in items #1, #2.

4. Please comment on the references or resource materials suggested: "The Barometer of Small Business" was effective in getting comparison figures of various businesses in the local group and comparing the same with national business trends and small businesses elsewhere.

5. Suggestions for follow-up in the second year: More emphasis on why the importance for the balance sheet. This may be done by explaining the analysis sheets more in detail so that the group will know what to expect (technically speaking) and use or let the group (class) work through - completely, a balance sheet problem

TABLE 1 DESCRIPTIVE SUMMARY STATISTICS FOR FIVE PILOT PROGRAM LOCATIONS[1]

SELECTED VARIABLES	FARIBAULT	ANOKA	THIEF RIVER FALLS	TOTAL MINN.	GREENSBORO, N.C.	BROWNSVILLE, TX	TOTAL PROGRAM
Age	35 (14)	32 (11)	40 (31)	35.7 (56)	42 (7)	37 (9)	37.5 (72)
Family Size	3 (14)	4 (11)	4 (31)	3.7 (56)	3 (7)	4 (9)	3.9 (72)
Years Schooling	11.6 (14)	12.6 (11)	13.2 (31)	12.5 (56)	14.7 (7)	12.8 (9)	12.9 (72)
1973 Net Profit	13818 (5)	(0)	9390 (10)	10866 (15)	(0)	(0)	10866 (15)
1973 Sales	221547 (5)	(0)	211665 (10)	214960 (15)	(0)	(0)	214960 (15)
1974 CLM or NP	10097 (15)	3356 (12)	10280 (28)	7911 (55)	4669 (7)	-516 (9)	7149 (71)
1974 Sales	120257 (15)	79497 (12)	173847 (28)	124534 (55)	84142 (7)	17126 (9)	117868 (71)
1975 CLM	17208 (11)	1545 (10)	15307 (24)	11352 (45)	7543 (7)	5397 (9)	11592 (61)
1975 Sales	164808 (11)	120770 (10)	222742 (24)	169440 (45)	107273 (7)	55155 (9)	157602 (61)
1974 Added CLM	2041 (5)	(0)	5882 (10)	4602 (15)	(0)	(0)	4602 (15)
1974 Added Sales	2799 (5)	(0)	7971 (10)	6247 (15)	(0)	(0)	6247 (15)
1975 Added CLM	4943 (11)	-1844 (10)	7974 (23)	3691 (44)	2123 (7)	5761 (9)	4767 (60)
1975 Added Sales	2572 (11)	19030 (10)	42505 (23)	21369 (44)	15475 (7)	36521 (9)	27220 (60)

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[1] Footnote: Top number in each cell is mean value; number in ( ) is the number of observations.

Figure 2. Examples of NP/CLM* and Gross Sales Adjustments to Arrive at Constant Dollar Figures

	1973		1974		1975	
	NP	Gross Sales	NP/CLM	Gross Sales	CLM	Gross Sales
Reported	$10,000	$90,000	$15,000	$110,000	$18,000	$112,000
**Cost-of-Living Adjustment to 1973 base to arrive at Break-Even figures	xxxxxx	xxxxxx	11,100	99,900	12,010	108,090
Added NP/CLM or Gross Sales (True gain or loss)	xxxxxx	xxxxxx	3,900	10,100	5,990	3,910

* NP/CLM stands for Net Profit/Return to Capital, Family Labor and Management.

** 11.0 per cent in 1974, 9.1 per cent in 1975 and 20.1 per cent for 1974 and 1975 combined.

TABLE 2 BENEFIT-COST RATIOS: 1974 and 1975 *.

Benefit-Cost Ratio	Description	1974	1975
Individual CLM Ratio	Individual Added Net Profit (Return to Capital, Family Labor and Management) divided by Individual Direct and Opportunity Costs.	12.08 : 1 (15)	11.43 : 1 (60)
Community CLM Ratio	Individual Added Net Profit (Return to Capital, Family Labor and Management) divided by Individual and Community Costs.	5.52 : 1 (15)	5.21 : 1 (60)
Community Sales Ratio	Individual Added Sales divided by Individual and Community Costs.	7.49 : 1 (15)	29.77 : 1 (60)

* Numbers in ( ) indicate the number of observations.

PINE CITY AREA VOCATIONAL-TECHNICAL INSTITUTE

ADULT
EDUCATION
PROGRAM

A MID-TERM REPORT

OF THE

SMALL BUSINESS MANAGEMENT PROGRAM

PINE CITY AREA VOCATIONAL-TECHNICAL INSTITUTE

SMALL
BUSINESS
MANAGEMENT

PREPARED BY

GEORGE BERG, INSTRUCTOR

SMALL BUSINESS MANAGEMENT

MAY 9, 1977

C. M. Espeseth, Superintendent

Gordon Stennes, Director

THE SMALL BUSINESS MANAGEMENT PROGRAM

This new program is presented by the Adult Education Department of the Pine City Area Vocational-Technical Institute, and is available to all established small businesses in the Pine City area.

History and Background

A successful program in farm management education for adults, pioneered and disseminated by the Agricultural Education Division, University of Minnesota, has been in existence since 1952. The farm management program combines classroom instruction with on-the-farm instruction in a manner of continual individual instruction. The small business management form of adult education is based on the close similarity of management problems faced by both the farmer and the small business operator.

Objective

The objective of the small business management program is to assist the families in improving the effectiveness of their business operations, and to enable them to reach family and business goals. The effectiveness of this management education program will be evaluated by a cost-benefit analysis of each business enrolled on an annual basis.

Benefits

The management education program is designed to benefit the participants by (1) increasing the business operator's knowledge and understanding of the economic and business principles upon which sound business decisions are based, (2) developing the operator's ability to effectively utilize the decision-making process in the management of his business, (3) by developing the operator's to adapt his business to change in response to predicted business trends, (4) increasing the businessman's knowledge of the technical aspects of his business operation, (5) developing the operators ability to recognize the use and value of auxilliary services and agencies in the operation and management of his business, (6) improving the operator's techniques of management and business operation, and (7) fostering the operator's sense of civic responsibility to the welfare of the community as a whole.

Program Design

The instructional program is divided into four distinct activities; (1) classroom instruction is provided once each month, and follows a sequence of units as outlined in the curriculum, (2) at-the-business individualized instruction is planned to occur once each month with each student, and is concerned with the class instructional material as well as current problems facing the businessman, (3) additional classroom instruction concentrated on specific business technology such as advertising, display, taxes, laws and regulations of business, etc. and (4) an annual computorized analysis of each participating businessman's records.

Program Features

Concentrating on the self-employed, the instruction focuses on the matter of productivity, a major concern of all. A self-employed worker becomes more productive by directing attention to the more effective use of human and material resources through more effective management. This is precisely the thrust of the Small Business Management Program: to increase the level of employment, and the rewards of sustained employment, at a time when the alternative to self-employment for many small business operators is simply unemployment.

The course of study encourages the fulfillment of defined goals as they are established by each business and family. Such goals should be within certain limitations of the available resources of land, labor, capitol and management, and should be congruent with the goals established by the family. The concept of family involvement in instruction is strongly emphasized.

The Small Business Management Program is necessarily limited to a specific number of enrollees, and is offered only to those who commit themselves to a study of their business and agree to follow certain rules which regulate their participation. Specific units of instruction are utilized to present, in sequence, material which will motivate the enrollee to gather vital data, analize that data, and therefore make the implementation of sound management decisions possible. A specific sequence of instruction eliminates any risk of haphazardness of instruction, and assures a clear continuity of courses. The titles for the three year instructional program are (1) "Business Records and Accounts", (2) "Business Analysis", and (3) "Business Organization." To analyze the business, it is first necessary to have accurate business records. To study the organizational alternatives, it is first necessary to analyze the business to determine its strengths and weaknesses. Individual at-the-business sessions, a planned system of instruction at the operator's business location, permits the application of study pertaining to specific problems within each business.

Conclusion

Research reveals a high percentage of small business failures each year. The underlying cause of the majority of business failures has been identified as THE LACK OF KNOWLEDGE OF, OR EXPERIENCE WITH, BUSINESS MANAGEMENT PRACTICES. There has also been cited a definite need for continuous education programs at the adult level. This program offers an opportunity to upgrade and improve business management skills to the business operators of our area through the utilization of long-term management education.

The Purpose of this Report

The intent and purpose of this initial mid-term report is calculated to inform the Pine City Board of Education, Superintendent of Schools, Director and Adult Director of the Pine City Area Vocational-Technical Institute, the State of Minnesota Department of Education and members of the Small Business Management Advisory Council as to the history of this program, and to review the objectives, benefits, design, progress and evaluation of said program to date.

This report represents a factual resume of what has transpired within the Small Business Management program to this date, and is submitted solely for the enlightenment and analysis of those for whom preparation was intended, as previously listed above.

All statements and facts contained in this report are, to the best of my knowledge, true and accurate.

George Berg
Instructor
Small Business Management Program

A MID-TERM REPORT

Enrollment

Current enrollment in the Small Business Management program stands at twenty-three (23) area businesses, down two members from the original group of twenty-five (25) enrollees. The two businesses who dropped participation in the program done so for extremely vague reasons, did not attend a single class session and made the decision to discontinue the program immediately upon receipt of the tuition statement. It can be surmised that the tuition fee of $50 per quarter, although a fair and reasonable amount for a program of this nature, may well have been a factor in the decision of these two businesses to leave the program.

The active twenty-three (23) enrollees in the program appear to enjoy the course, are motivated by it, exhibit eagerness to learn and show a good deal of enthusiasm toward all aspects of the program.

Our enrollees represent many types and kinds of businesses in our area. Included are a machine shop, an electrical contractor, two printing and stationery stores, a plastic manufacturing firm, two restaurants, yarn shop, a furniture store, television and appliance shop, variety store, antique shop, a muffler specialty shop, an archery supply, a pet shop, home improvement center, two hardware stores, a service station, meat processing plant and a general merchandise catalog agency. This varied mix of businesses provides us with an interesting and diversified cross-section of small business owners, and greatly broadens our experience base among the class members and adds to the total learning experience for everyone involved. Our class members appreciate the examination of the similarity of problems as they apply to the different businesses. Most of them can now readily relate these same vexations to their own place of business, and can often apply another's solution to the benefit of their own enterprize.

Our current class includes businesses from Rock Creek, Hinckley, Braham, Harris, North Branch, Mora, Rush City and Pine City as we strive to serve an area of approximately thirty (30) miles in radius.

Class Meetings

A class meeting is conducted on a monthly basis at the Pine City Vocational-Technical Institute. All members of the program have been urged to faithfully attend these important class sessions, and are encouraged to bring as many of their key personnel from their businesses as wish to attend. The average attendance for these class meetings has been 97.1% of the enrollees, with the average total attendance at these sessions being thirty-eight (38) persons. These important figures tend to indicate not only that the enrollees are aware of the importance of the class sessions, but also that many wives, family members and key employees also are participating in the monthly class meetings.

A total of six (6) monthly class meetings have been conducted to date. Every effort is made to assure that the meetings themselves are stimulating, interesting and informative. The main topics of the class meetings thus far have been (1) Introduction of Small Business Management Program, (2) The Importance of Record Keeping Systems, (3) Salesmanship and Advertising, (4) Income Taxes and The Small Businessman, (5) Employer and Employee Relations, and (6) Keeping The Accounts Current. Each class meeting also addresses additional topics of importance beyond each title category, and it is not uncommon to cover several related areas within one session. The matter of maintaining adequate records, for example, bears such vital importance in the program that some reference is made to the matter in virtually every class meeting.

Open discussion is sought and encouraged at all class meetings, and a free exchange of ideas, provided it remains within the frame-work of the topic at hand, holds a high priority within our program. Our class discussions have been very prevalent thus far, and this must be considered an encouraging factor at the adult level of learning. Much has been gained from these open and enlightened exchanges from the class members themselves.

Our class meetings have a duration of between two and three hours, and generally result in informal discussions between and instructor and individual class members following the dismissal of the group.

Attention focusers, over-head projections, pass-out literature, an assortment of applicable visual props and occasional guest speakers afford our class with a departure from the monotony of a prepared text recital. This is felt to be important in order to concentrate on holding the interest and alertress of the adult enrollee. Many adult students, perhaps fatigued and relaxed at the conclusion of a working day, may require more diversification in learning format than does the younger, fresher student of the day. Thus a certain amount of imagination must be incorporated into the instructional procedure in order to obtain the desired learning results with the mature adult student. This instructor has experienced a measure of success in this pivotal area.

At-The-Business Visitations

One of the most innovative features of the Small Business Management Program is the instructor's monthly at-the-business visit to each of the enrolled businesses. This revolutionary method of instruction offers many advantages to both the instructor and the adult student. It allows the instructor to become familiar with each individual in the program, to examine each individual operation under functioning conditions, to aware himself with specific problems within any given business and to offer possbile solutions and suggestions. The student stands to gain, by the same token, the one-to-one input which can be exercised by the instructor, the unprejudiced opinion of constructive commentary, confidential analysis addressed to individual matters of importance and the discussion of personal circumstances. All of this can be accomplished without the loss of time from the daily function of the enrollee's business.

The instructor devotes whatever time is deemed necessary to be of meaningful service to the enrollee at the monthly visit. Following the general guide-line of the preceding class topic, the instructor will elaborate on areas of special concern to the individual place of business. This elaboration may center upon record keeping, new procedures, advertising, employee relations, merchandising, store display, inventory, taxation, salesmanship or related items which are of interest or concern to the business.

At-the-business visitations will generally average from two to three hours in duration, depending upon the individual requirements. The enrollee gladly devotes the necessary time for the visititation, and is genuinely appreciative of the individualized attention received toward specific problems within the business. It remains a rewarding experience for both the instructor and the enrollee to accomplish a point of substance at the individual level.

As time progresses, a degree of closeness will undoubtedly develop between the instructor and the enrollee, and this bond of togetherness will lead to even greater openness, confidentiality, trust, and accomplishment.

The Emphasis on Record Keeping

Since there is a direct relationship between poor record keeping and business difficulties and failures, the Small Business Management program places a high priority on the establishment of good record keeping systems within each business enrolled.

The program stresses the vital importance of maintaining adequate records from the very first class, and this concept is continued throughout the duration of the course. virtually all succeeding class lessons pertain to, or refer once again, addressing itself to this key area. Good record keeping practices are the foremost target of the entire Small Business Management program.

The record keeping systems of all twenty-three (23) businesses enrolled in the Small Business Management program have to date been thoroughly analized for completeness and adequacy, and the following numerical break-down of record keeping systems is the prevailing result:

Number of Businesses	New Systems Installed	Old Systems Modified	Previous Systems Continued
23	16	5	2

The basic records required in the program include a daily summary of business activity, a Journal of transactions, a monthly Ledger, a payroll book, an accounts receivable system and a checkbook. The supplemental records should include a system to acknowledge accounts payable, tax liabilities and inventory of merchandise.

Enrollees in the Small Business Management program are quickly made aware of the need to maintain adequate business records, and the vast majority are willing and anxious to improve upon antiquated systems within their businesses. Twenty-one enrollees of the program are now utilizing totally new or greatly modified record keeping systems and procedures. This has enabled them to compile more complete records, and to greatly enhance the meaning and importance of such records. A much clearer understanding of record keeping practices and terminology is now becoming apparent among these enrollees.

The Annual Business Analysis

Upon completion of the first year's activities in the Small Business Management program, each enrolled business will receive a computerized analysis of their business operation. This extremely thorough analysis will prove invaluable in succeeding phases of the program. The analysis will guide the student businessperson and the instructor to (1) forecast business stability and progress, (2) determine the most profitable level of operation, (3) identify problem areas, (4) direct attention toward a possible reorganizational or corrective endeavor, and (5) assist us in any planned transitional steps.

Since the very premise of the Small Business Management program centers on analytical interpretation and consequently acting upon information as presented, the importance of the annual business analysis is apparent to all. The enrollees of the class are constantly reminded of the critical link between sound record keeping practices and the accurate analysis of the business operation.

Thus, as we review the key characteristics of the program, the importance of adequate, accurate record keeping surfaces anew. Since a concise annual business analysis is impossible to attain unless the basic facts are first compiled and recorded, we again stress this phase of the course.

The annual business analysis is always discussed in conjunction with the record keeping system when the enrollees are addressed to either matter.

The Advisory Council

On January 11, 1977 an Advisory Council for the Small Business Management program of the Pine City Area Vocational-Technical Institute was formed.

The primary purpose of the advisory council is to provide association between the school and the community which will, through assistance, advice and councel, help to establish, maintain and improve a program of small business management education.

Although the Advisory Council serves in an advisory capacity only, it should be anticipated that these leaders of the business and professional community will lend great input to the program with cirriculum counceling, security of enrollment, technical advice and evaluation of the program.

Regular meetings of the Advisory Council will be held in order that the maximum input and councel may be obtained from the experienced and learned members of this representative group.

Advisory Council Members

Mr. Dennis Volden
Farmers and Merchants State Bank
Hinckley, Minnesota 55037

Mr. G. Richard Clemenson
First National Bank
560 E. 3rd Avenue
Pine City, Minnesota 55063

Mr. Marcus R. Althoff
Althoff Accounting
625 W. 3rd Avenue
Pine City, Minnesota 55063

Mr. Donald L. Doran
Doran's Jack and Jill Store
253 5th Street
Pine City, Minnesota 55063

Mr. John Woll
Woll Pharmacy
Pine City, Minnesota 55063

Mr. Dennis Winskowski
Pine City Pioneer
405 E. 2nd Avenue
Pine City, Minnesota 55063

Mr. William E. Sauser
Sauser's Our Own Hardware
229 5th Street
Pine City, Minnesota 55063

Ms. Harriet Appleby
First National Bank
560 E. 3rd Avenue
Pine City, Minnesota 55063

OFFICIERS

Mr. John Woll, Chairman

Mr. Donald L. Doran, Vice Chairman

Ms. Harriet Appleby, Secretary

Evaluation of the Program by the Class

An anonymous evaluation of the Small Business Management Program was requested in the form of a quiz and presented to the active members of the class on May 5, 1977. The results of this mid-term questionaire are factually recorded below.

Key to Quiz

(1) Seldom (2) Sometimes (3) Most of the Time (4) Almost Always

Questions Posed to Class	Answers Based on 20 Replies			
	(1)	(2)	(3)	(4)
1. The instructor is enthusiastic and alert..	0	0	1	19
2. The instructor is aware of my business needs.	0	1	6	13
3. The instructor offers encouragement and help.	0	1	3	16
4. The instructor relates the course purpose.	0	0	2	18
5. The instructor sets a good example for us.	0	0	3	17
6. The instructor wants to know the student.	0	0	2	18
7. The instructor refrains from putting us down.	0	0	2	18
8. The instructor spends ample time with us.	0	0	2	18
9. The instructor is well prepared for class.	0	1	1	18
10. The instructor is informed and experienced.	0	1	1	18
11. The instructor presents useable information.	0	0	6	14
12. The instructor is concerned individually.	0	0	2	18
13. The instructor is friendly and personable.	0	0	2	18
14. The instructor is understanding of others.	0	0	2	18
15. The instructor stimulates interest in class.	0	0	3	17
16. The instructor offers extra time and help.	0	0	1	19
17. The instructor is receptive to questions.	0	0	2	18
18. The instructor accepts contrary opinions.	0	0	3	17
19. The instructor has helped me thus far.	0	1	2	17
20. I am following the instructor's suggestions.	0	1	7	12

In the second part of the evaluation quiz, the class was requested to anonymously mark (x) the answer which best reflected their own opinion to the questions as stated.

	Excellent	Good	Fair	Poor
1. The Small Business Management Program, as a whole, could best be rated as	11	7	2	0
2. The instruction pertaining to record keeping has been	11	7	2	0
3. The at-the-business instruction thus far has been	12	6	2	0
4. The tuition rate charged is	0	6	11	3
5. Class meeting facilities are	4	14	2	0
6. Class handout materials are	2	16	1	1

A normal, healthy diversification of opinions were reflected in the quiz. The first part of the questionaire indicated a strong leaning toward satisfaction with the instructive phase of the course. It is interesting to note that the second phase of the questionaire rated a broader range of replies, and the tendency toward more "good" and "fair" answers when matters concerning tuition rates, facilities of the class meetings and general assessment of the program came into focus.

The results of the quiz indicates that the great majority feel that the program is interesting, informative and valuable in content. It also reveals that the enrollees are expecting, and experiencing, a tangible worth from this learning endeavor.

A third portion of the quiz, pertaining to suggested additions and deletions to the program, were too generalized in nature to analize within this report. Most of the class members, however, felt that the program's content was sound, and their suggestions mainly were addressed to greater elaboration and detail in dealing with certain areas of instruction. Many of these matters will be the subject of individual at-the-business instruction to the individual rather than a concern for the entire class.

All in all, the questionaire was useful and informative, and afforded the instructor a measure of input from the enrollees concerning the future characteristics of the program.

Small Business Management Prognosis

The future of the Small Business Management program appears bright. This highly innovative medium of adult education is not only given to rapid expansion to include more vocational institutes and thus an ever increasing number of small business entrepreneurs, but from all indications is also fulfilling the intended purpose for which the program was designed. That is, to lend a supplementary avenue of vocational education to the independent businessperson, long the forgotten element in the American educational processes. The Small Business Management program addresses itself handsomely to filling this vital area of need.

Vast growth of the Small Business Management program is inevitable as the intrinsic value to the participants becomes more publicated, and a projection of wide national participation is a fair and logical assumption.

On the local level, the initial six months of our program have been most gratifying. Our enrollees have accepted the program in warm and willing manner, and are greatly appreciative for the opportunity to enhance their vocational education and training. The School District No. 578 Board of Education should be commended for their foresight and awareness in procuring this fine program for our community.

It should be reported at this time that the value of this program is already apparent within the businesses of many of our enrollees. The fact that such results have surfaced at this early date serve to lend added excitement to the prospects for the future.

Many of our enrollees have indicated their intention to fully pursue the three-year course of instruction as suggested in the outline for the program, and have expressed their approval of the yearly concept of instruction. Adult programs of the past have too often been comprised of vague, short-term generalizations of instruction which bore little defined value to the participants. However, the Small Business Management program contains the continuity necessary to provide each enrollee with a systematic plan of progressive and applicable study.

Since the Small Business Management program is not a concentrated effort toward the acquisition of specific technical skills, but is rather designed to upgrade and improve business management techniques in a variety of planned methods as they apply to individual businesses, the results are readily measureable.

And measured results are, after all is said and done, the only criterion of success in the matter of adult vocational education.

Current Members of Pine City Vocational-Technical Institute's

SMALL BUSINESS MANAGEMENT PROGRAM

Business Name	City	Type of Business
L & G Products	Rock Creek	Machine Shop
D & J Electric	Harris	Electrical
Review Corporation	North Branch	Printing
Isanti Tool Co.	Braham	Plastic Mfg.
Park Cafe	Braham	Restaurant
Fagerstrom Furniture	Mora	Furniture
B & W Printers	Mora	Printing
The Bargain Spot	Mora	Variety
Kerr Spinning	Mora	Fabric
Maurer Appliance	Mora	Appliance
Gamble Store	Hinckley	Variety
Wooden Barrel	Hinckley	Antiques
Les' Muffler Shop	Hinckley	Muffler
Sunrise Archery	Hinckley	Archery
Bohaty Hardware	Rush City	Hardware
Wayne's Cafe	Pine City	Restaurant
Stoffel's	Pine City	Home Center
Village Emporium	Pine City	Pets & Plants
JB's Hardware	Pine City	Hardware
Janssen Machine Shop	Pine City	Welding
Pine City Fuel Co.	Pine City	Gas & Tires
Pine City Frozen Food	Pine City	Processing
Adams' Wards Agency	Pine City	Catalog Sales

SMALL BUSINESS MANAGEMENT

YEAR I

Unit 1	Stimulating an Interest in Small Business Management.
Unit 2	Showing the Need for Small Business Records.
Unit 3	Measure of Small Business Progress and Uses of Small Business Records.
Unit 4	Why are Inventories an Important Part of Small Business Records.
Unit 5	Keeping Small Business Accounts Current.
Unit 6	The Balance Sheet and Monthly Summary.
Unit 7	Cash Flow and Cash Flow Projections.
Unit 8	Employers' Records: Social Security and Income Tax.
Unit 9	Unemployment Compensation, Workman's Compensation, and Fair Labor Standards Act.
Unit 10	Employee Relations, O.S.H.A., and Safety Considerations.
Unit 11	The Depreciation Schedule.
Unit 12	Income Tax Management.
Unit 13	The End-of-Year Inventory.
Unit 14	Closing the Record Books for Analysis.

SMALL BUSINESS MANAGEMENT

YEAR II

Unit 1	Calculating Income and Social Security Taxes.
Unit 2	Measures of Small Business Profit.
Unit 3	Measures of Small Business Size.
Unit 4	General Interpretation Analysis.
Unit 5	The Importance of Inventories.
Unit 6	Analyzing the Customer Service Department.
Unit 7	Analyzing the Size of Business.
Unit 8	Analyzing Mechanization, Labor, Equipment, and Building Costs.
Unit 9	Analyzing Major Department Efficiencies.
Unit 10	Evaluation of the Small Business.
Unit 11	Income Tax Planning and Management.
Unit 12	Closing the Small Business Record Books for Analysis.

SMALL BUSINESS MANAGEMENT

YEAR III

Unit 1	Attributes of Successful Small Business Entrepreneurs.
Unit 2	Determining the Most Profitable Level of Operation.
Unit 3	Selection of Departments.
Unit 4	What Do Two Years of Records Mean?
Unit 5	Evaluating the Customer Service Departments.
Unit 6	Evaluating the Major Departments.
Unit 7	Evaluating Overhead and General Business Costs.
Unit 8	Maximizing Income.
Unit 9	Maximizing Income (Continued).
Unit 10	Maximizing Income (Continued).
Unit 11	Site, Buildings, Merchandise Handling.
Unit 12	Planning Transitional Stages.

SMALL BUSINESS MANAGEMENT

DIVISION OF AGRICULTURAL EDUCATION
AND RESEARCH COORDINATING UNIT
130 Classroom Office Building
1994 Buford Ave.
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Project Director: Edgar Persons

AN ADULT EDUCATIONAL PROGRAM

Volume III, No. 3 SMALL BUSINESS MANAGEMENT NEWSLETTER March 1977

CURRENT STATUS OF THE MINNESOTA MODEL IN SBM EDUCATION

Alaska: Earl Bracewell (formerly on the Minnesota SBM Project Staff) is spending one week each month at Sitka with 12 small businesses enrolled. Earl lives in Palmer so unquestionably wins the award for longest distance traveled to visit students at-the-business. The Cooperative Extension Service of the University of Alaska directs the program and is currently seeking avenues to expand the number of programs in several areas of the State. Earls primary responsibility is in Farm Management Extension.

Minnesota: Programs are operating with instructors at Anoka, Bemidji, Brainerd, Faribault, Hibbing, Pine City, Thief River Falls, and Willmar. James Maino is the new instructor at Brainerd, and John Ryan has been hired at Willmar to replace Sam Boyer who resigned in February. There have been indications that one or two new programs will be added in Minnesota later this year.

North Carolina: The original pilot program at Greensboro is in a "holding pattern." Our last correspondence with A & T State University at Greensboro indicated they were still seeking funding sources.

North Dakota: Wayne Olson is instructing out of Lake Region Community College at Devils Lake. He recently attended a conference in San Francisco on SBM Education sponsored by the SBA and the American Association of Community Colleges.

Oregon: Chemeketa Community College at Salem and Lane Community College at Eugene have SBM programs. A recent communication from Treasure Valley Community College at Ontario indicates they are interested in starting a program.

South Dakota: Gordon Ferguson at Eagle Butte had 15 businesses enrolled but the program was canceled by the B.I.A. due to a lack of responsibility for adult education. Gordon is also involved in a high school small business management education program.

Texas: The original pilot program at Brownsville has added a second instructor, Juan Olivares, with plans to add three more on July 1st of this year. Mr. McDonald and Manuel Torres have been very interested in developing plans for program expansion in Texas.

Washington: Centralia, Edmonds and Tacoma Community Colleges all have programs operating. During a recent visit with the administration of the State Community College system it was learned that a large scale expansion to all community colleges in Washington is being planned. This represents the first effort we know of to implement the SBM Program in a manner that makes it available to all the potential clientele of a state at one time.

Wisconsin: Fred Rice is instructing a SBM Program in the New Richmond area. Fred has authored a 48 page manual titled, Family Financial Management, which is available for $1.00 from; Wisconsin Indianhead VTAE District, 1019 South Knowles Avenue, New Richmond, WI 54017. It would be an excellent supplement to your work with small business families.

NATIONAL CONFERENCE DATES SET

May 26-27, 1977 State Directors of Vocational Education

Letters of invitation will be sent next week announcing the National Dissemination Conference on Small Business Management Education to be held in Bloomington, Minnesota at the Marriott Inn. We will present material on Model Legislation and State Plan language to aid states in implementing the SBM Program. In addition, a detailed explanation of the Minnesota Model for Small Business Management Education will be given.

June 2-3, 1977 College and University Administrators

The SBM Program needs the support of teacher training departments, and of administrators especially at the community college level. Minnesota and a few other states have separate post secondary institutions for delivering vocational and/or academic education. However, in most states the community college is charged with the total realm of post-secondary education. This conference will give the participants the "nuts and bolts" of planning and operating an SBM Program out of their institution.

August 8-19, 1977 New SBM Instructor Training Course

The final link to out dissemination effort is the SBM Instructor. The following is a description of the course to be offered:

August 8-19, VoEd 5101. SPECIAL TOPICS-CURRICULUM IN SMALL BUSINESS MANAGEMENT. 3 Credits. The techniques of planning, organizing and implementing a small business management program will be addressed. Organizing materials, curriculum, business records and record analysis used in the Minnesota pilot program for adult small business management will serve as the basic core material. Persons. I-IV, MTWThF, 130C Classroom Office Building, University of Minnesota, St. Paul Campus.

If enough interest is shown in other states it is possible for us to offer this course in other areas of the U.S.

SMALL BUSINESS ANALYSIS & SPECIALIZED DATA SYSTEMS

Processing agreements between local programs and SDS have been sent to all programs who indicated an intent to submit 1976 business records for analysis. Any programs intending to process records next year may want to correspond with Wally Hoffman, Specialized Data Systems, Box 9096, Madison, Wisconsin, 53713, regarding this agreement.

Additions to the list of business code numbers have been made, and are included with this newsletter, instructors copy only. If you anticipate analyzing business records for a type of business not included on this list drop us a note and we will assign a number. Add to your list: 260 Travel Service.

The Balance Sheet has been causing some problems in the equity and suspense areas. The problem is an inputing one on Form 2, lines 310 and 311. Do not put anything in Column B, ending on those two lines. The computer will take care of transferring the Beginning Total Equity up to the Ending Capital Account. You might want to refer to the lastest copy of Brown Furniture (SAMPLE ANALYSIS) to see how this is done. The lastest copy of Brown Furniture can be identified by looking at Table 1 for line 188. AMORTIZABLE COSTS.

May 5-6, 1977 Next Instructor In-Service Meeting. The next instructor meeting will have a two-part agenda. The first day will be for new instructors and will cover teaching methods. Each presentation will be video taped and critiqued by faculty specialized in teaching methods.

The second day will deal with business analysis interpretation topics. The experienced instructors will take part in this part of the session.

Both sessions will meet in 130 Classroom Office Building on the St. Paul Campus of the University of Minnesota.

The Individual Students File. It is essential for each instructor to have a complete individual file for every enrolled business. This is a confidential file cabinet normally in the instructors office.

The primary reasons for the file:

1. To maintain historic record of business status when owner first enrolled in program.
2. To maintain copy of business and family goals used to evaluate progress.
3. To maintain business analysis for progress and forecasting purposes.
4. To maintain records of at-the-business instruction.
5. To accumulate special materials developed for the individual business.

Included with the instructors copy of this newsletter is a sample of the forms George Berg, SBM Instructor at Pine City, Minnesota keeps in his file for each business operator.

BASIC DATA NEEDS

With approximately 475 small businesses enrolled in SBM programs across the nation, and an indication that this number will more than double in 1978, there is a need to accumulate basic data on the primary reasons we have given, and that enrollees have asked for, is for the small businesses to be able to compare data with like businesses.

Thus, while a case can be made for local business analysis efforts on a schools computer, we believe that route would have a serious effect on future programs development. The use of a centralized data system, in this instance Specialized Data Systems, will provide a pool of business data significantly larger than a pool at the local level.

As we gear up to extract basic financial data from the 1976 processed records we would appreciate hearing from you on what the most important needs are at this time.

The SBM Newsletter is a monthly publication prepared and distributed by the SBM Staff at the University of Minnesota, St. Paul. The Staff: Dr. Edgar Persons, Dr. Gordon Swanson, Dr. Rodger Palmer, Dwight Hyle and Patti Hollern.

SMALL BUSINESS MANAGEMENT

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AN ADULT EDUCATIONAL PROGRAM

Volume III, No. 4 SMALL BUSINESS MANAGEMENT NEWSLETTER August 1977

New SBM Instructors: A total of 18 individuals have just completed the two week instructors training course at the University of Minnesota. Dr's Palmer and Persons instructed the course which included techniques of planning, organizing and implementing an SBM program. The Minnesota Pilot Program materials, curriculum, business records and analysis served as the core of the course.

Most of the 18 individuals have been hired as new SBM instructors in their states. A few individuals are slated to become statewide coordinators in anticipation of an expanded effort in their state. The following is a summary by state of these individuals, with a complete class roster attached.

Catherine Ajluni . .	Michigan	Steve Miller	Ohio
Gary Schmidt	Minnesota	Gordon Gilley	Oklahoma
Walter Benson . . .	"	Marvin Stockwell . . .	"
Kevin Flaherty . . .	"	Bill Tweedie	Oregon
Robert Lindgren . .	"	Juan Olivares	Texas
Kenneth Stenzel . .	"	Bruce Browning	Washington
Bart Finney	New Mexico	Irving Freed	"
Steve LeBlanc . . .	" "	Norman Marshall Jr. . .	"
Wayne Olson	North Dakota	Allen Powers	"

The staff congratulates each of these men and women, especially those who are to serve in the challenging roll of instructors this fall.

National Invitational Conference Held

On May 26-27 and June 2-3, 1977, State Directors of Vocational Education and College and University Administrators, respectively, attended invitational conferences at the Marriott Inn, Bloomington, Minnesota, hosted by the SBM Project Staff. A total of 77 participants from 30 different states were represented at the conferences. A listing of the states is attached.

The primary purpose of the conferences activity was to disseminate the Minnesota Model of the Small Business Management Education Program. Model legislation, State Plan language, teacher training needs and the delivery system were emphasized. Among the people who helped with the conferences we would like to single out Gordon Broderson, SBM Instructor, Centralia, Washington, Don Jonson, SBM Instructor, Thief River Falls, Minnesota and Cliff Olson, SBM Instructor, Anoka, Minnesota for their fine presentations. Dr. Merril Berg, President of Lake Region Junior College, Devils Lake, North Dakota, made a well received contribution with his presentation on the support role and philosophy of administrators for a management education program.

Future Publications

Going-Into-Business Modules: In November, 15 "drop-in" modules designed to deal with post-secondary and adult populations interested in going into business will be available. Each module will be self contained and designed for 1½-2 hours of instruction. They will be non-occupational specific. You will be notified when they are available.

Revised Volume II - Business Analysis: The Volume II developed as part of the original pilot effort is being revised and will be available in late September. All materials needed for the 1977 business analysis will be included. You will need this publication when you set-up record systems, when you analyze these systems, and for your own understanding of the analysis.

Business Analysis Interpretation Manual: Perhaps the most difficult and threatening aspect of the SBM program occurs during the business analysis interpretation phase. The staff, with consultant assistance is preparing a comprehensive manual to assist the instructor with interpretation. This manual should be available by the end of December -- in time to be used with the 1977 business analysis.

Publications with Industry Benchmarks

Statement of Studies, Published by Robert Morris & Associates, Credit Division, Philadelphia National Bank Bldg., Philadelphia, PA 19107, Approximately $13.50.

Almanac of Business & Industrial Financial Ratios, by Leo Troy, Ph.D., Published by Prentice-Hall, Englewood Cliffs, N.J., Approximately $15.00.

CLASS ROSTER

VoEd 5-101 - Curriculum: Small Business Management
University of Minnesota

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STATES ATTENDED

May 26-27

Alabama
Alaska
Arkansas
Connecticut
Hawaii
Idaho
Illinois
Michigan
Minnesota
Nebraska
Nevada
New Jersey
New Mexico
New York
North Dakota
Ohio
Oklahoma
Oregon
South Dakota
Texas
Washington
Washington D.C.
Wisconsin

Total States 24

June 2-3

Alaska
Arkansas
California
Colorado
Connecticut
Hawaii
Idaho
Kansas
Maryland
Michigan
Minnesota
Missouri
Nebraska
New Jersey
New Mexico
New York
North Dakota
Ohio
Oklahoma
Oregon
South Dakota
Tennessee
Texas
Vermont
Washington
Washington D.C.

Total States 27

Non-Duplicate States
30

Total Conference Participants 77

We have not succeeded in answering all your problems. The answers we have found only serve to raise a whole set of new questions. In some ways we feel we are as confused as ever, but we believe we are confused on a higher level and about more important things